

## Iranian Gunboats Damage French Freighter in Gulf

MANAMA, Bahrain — Iranian gunboats attacked a French container ship in the northern Gulf on Monday, causing damage but no reported injuries.

Salvage operators based in the Gulf said two high-speed launches circled the Ville d'Anvers, firing on the vessel with machine guns and cannon for about 20 minutes.

The French Foreign Ministry accused Iran on Monday night of having attacked the Ville d'Anvers and demanded an explanation.

The attack occurred four days after an Iranian gunboat attacked an American-operated supertanker, the Peconic, with 18 rocket-propelled grenades in a daylight raid.

Earlier, the French defense minister, André Girard, said he could not rule out that the attack on the Ville d'Anvers was linked to diplomatic disputes that have severely strained relations between Paris and Tehran.

The attack on the vessel took place shortly after Iran accused

French border police at the Geneva airport of having beaten an Iranian diplomat. [Page 6.]

France and Iran most recently have quarreled over French demands that an interpreter at the Iranian Embassy in Paris answer a summons to testify about a series of bombings the city last year.

The raid on Monday, the sixth by Iran since it resumed attacks on June 27 after a month's lull, came as Washington prepared to escort Kuwaiti tankers registered to the U.S. flag.

In Kuwait, shipping and diplomatic sources said Monday that the U.S. flag would be hoisted on the Kuwaiti-owned tanker Bridgeton next week as the United States begins naval protection for Kuwait's oil and gas exports.

They said the Bridgeton, a crude oil carrier formerly known as the al-Rekka, was likely to fly the U.S. flag from next Monday or Tuesday and enter the Gulf escorted by U.S. warships.

[NBC News reported Sunday that the plan to escort 11 reflagged Kuwaiti tankers in the Gulf had been delayed "at least several weeks," and possibly until September. Agence France-Presse reported from Washington.

[Quoting U.S. Defense Department and navy sources, the television network said one reason for the reported delay was that most of the 11 tankers in the plan are "scattered around the world."]

The Bridgeton, which has been anchored off the United Arab Emirates port of Khor Fakkan outside the Gulf for more than two weeks, was one of two Kuwaiti tankers available for reflagging, the sources said.

The other, the Gas Prince, formerly the Gas al-Minagish, was on its way to join the Bridgeton from the Mediterranean, they said.

The remaining nine tankers, the sources said, would be reflagged over the next two months.

The reflagging, according to the sources, will require several additional days to position personnel, including American captains still in the United States, and arrange documents.

The U.S. Coast Guard, which supervises the flagging of U.S. vessels, has inspected all 11 tankers and has asked for minor modifications, which were being carried out, the sources said.

The chief Coast Guard inspector in New York, Commander Robert Henry, was quoted Sunday as say-

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Dhaka Policemen Clash With Anti-Government Protesters

Demonstrators fought Bangladeshi policemen for a second day in the capital Monday during a strike to protest a law that would allow the army to acquire seats on local councils. Opposition leaders have called it a move to "militarize democracy." Page 2.

## In Europe, a Reappraisal of Self-Defense U.S.-Soviet Talks Prompt Revival of Plan

By Edward Cody

Washington Post Service

PARIS — Faced with the prospect of reduced U.S. nuclear forces, West European leaders are reviving the distant hope of an integrated European defense as a more independent guarantee of the continent's security.

Although the idea is decades old, proposals to improve European military cooperation have intensified sharply as the United States and the Soviet Union move toward agreement on eliminating their intermediate-range nuclear missiles in Europe.

In some ways, the swiftness of this renaissance has provided a measure of West European uneasiness over the U.S.-Soviet bargaining and what it portends for Europe.

The U.S.-Soviet missile accord, which many Europeans assume will be completed by the end of the year, has been widely interpreted as an important psychological step in a process that eventually could lead to a reduced U.S. military presence in Europe and less commitment to its defense.

A key NATO official backs plans for a French-West German brigade. Page 6.

spite reluctance in the major European capitals.

"The danger lies in the process getting started," said Jean-Pierre Bechter, secretary of the French Parliament's National Defense Committee.

"With the signature of this treaty," he said, "we are entering a period at the end of which Europe must be ready to solve its own defense problems. Do you think 320 million Europeans can continue forever to ask 240 million Americans to defend us against 280 million Soviets?"

A number of European and U.S. analysts say Moscow's long-term strategy is to proceed from missile reductions to troop reductions,

which could further lessen U.S. ties to the continent.

Since Moscow has a large advantage in the number of conventional forces in Europe, such proposals may be relatively easy for the Soviet Union to make and have wide popular appeal in Western Europe, while posing a dilemma for NATO.

Ideas for integrating European defenses traditionally have sounded good in politicians' speeches, but they have faced seemingly insurmountable problems.

The French refusal since 1966 to participate in NATO's integrated military command, for example, makes cooperation difficult with France. Similarly, Britain's special relationship with the United States, with sharing of nuclear technology and information, sets it apart from other European nations.

Rival national interests frequently have prevented practical, step-by-step defense cooperation even when it offered economic benefits. France, for example, recently decided to proceed alone with development of an advanced warplane after failing to reach

agreement on a parallel European fighter project with Britain, West Germany, Italy and Spain.

French officials and commentators have voiced fears that a reduction in U.S. nuclear commitment in West Germany, or an impression of it, could encourage ideas about neutrality and renunciation with East Germany at the expense of NATO. Any steps toward French-German military cooperation have been seen as a way to remove that possibility.

Michel Jobert, a former foreign minister, wrote: "The Federal Republic is now entitled to feel abandoned by the United States, although constrained to toe the line in a U.S.-manipulated NATO that can no longer assure its defense."

"Hence the Germans' swing toward what they traditionally call their own way — a swing uniting Social Democrats, Greens, the liberals of Hans-Dietrich Genscher and also, as we will see, Chancellor Helmut Kohl's Christian Democrats."

A strategic corollary to these concerns is that in an East-West crisis, the West German authorities could be tempted to break ranks

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## President Denies Being Briefed on Funds Diversion

By David Hoffman

Washington Post Service

INDIANAPOLIS — President Ronald Reagan's chief spokesman said Monday that Mr. Reagan denied ever having been briefed on his aides' plans to use "any excess funds" from the secret sale of arms to Iran for covert operations.

He was responding to a comment Sunday by the head of the Senate committee investigating the affair, Senator Daniel K. Inouye. Mr. Inouye, Democrat of Hawaii, said that according to a memo by Vice Admiral John M. Poindexter, a former national security adviser, Mr. Reagan had been told of covert operations financed by proceeds from the arms sales and had agreed to them.

Mr. Reagan's spokesman, Martin Fitzwater, quoted him as saying Monday that he had "never been briefed on diversion of funds or any excess funds" from the Iran arms sales.

The denial came as one of the former aides, Lieutenant Colonel Oliver L. North, testified publicly for a fifth day before the joint House-Senate panel investigating the affair.

Mr. Inouye said that Robert C. McFarlane, another former national security adviser implicated in the affair, had requested to speak again to the committee and would do so Tuesday after Colonel North finishes his testimony.

The committee also is to begin questioning Admiral Poindexter on Tuesday. His testimony is considered crucial in learning how much Mr. Reagan knew of fund diversion.

Mr. Inouye said Sunday that the admiral had noted on a memorandum that he briefed Mr. Reagan in September about certain covert "initiatives" that were to be financed by proceeds from the arms sales.

The senator referred to a Sept. 15 memo from Colonel North to Admiral Poindexter before Mr. Reagan's meeting with Shimon Peres, then the Israeli prime minister, that suggested that Admiral Poindexter brief Mr. Reagan on "initiatives" outlined in an attachment. Admiral Poindexter initialed the document and noted "Done."

Mr. Fitzwater confirmed that Mr. Reagan was given a briefing by Admiral Poindexter before the meeting with Mr. Peres, but the spokesman said the White House has "no way of knowing" whether Admiral Poindexter used the memo

in the briefing. Mr. Fitzwater said the document was intended as a background paper for Mr. Reagan before the visit by Mr. Peres.

Mr. Inouye was careful to note Sunday that the document did not refer to diversion of Iran arms sales profits to the Nicaraguan rebels, or contras. Still, he said, Admiral Poindexter's initials on the memo made it "an important document in which he says, 'I briefed the president, the president agrees on the use of these residuals... for other covert activities.'"

He did contradict himself on one point, however. On Monday, Mr. Inouye said at the hearings that the memo did not specifically refer to financing the covert operations through the proceeds of the Iran arms sales.

Told at the hearing by Senator James A. McClure, Republican of Idaho, that the memo does not mention the diversion of profits, Mr. Inouye replied, "The senator is

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## Republicans Shying Away From Reagan

By Bernard Weinraub

New York Times Service

SEATTLE — For the first time, Republican presidential contenders have clearly but carefully begun to distance themselves from President Ronald Reagan.

At a convention of the Young Republican National Federation, which ended here Saturday night, the contenders, with the exception of Vice President George Bush, implicitly criticized the president's leadership of the party, saying it was in serious trouble because it had failed to reach out to minorities.

And they openly criticized his leadership of the administration and the nation in light of the Iran-contra affair, making it plain that their management would be more "hands on" than Mr. Reagan's and that the White House's relationship with Congress needed to be mended.

Although the candidates made it clear they were not uncomfortable with their new role as critics of Mr. Reagan, at the same time they went out of their way to praise his military buildup, economic policies and nomination of Judge Robert H. Bork to the Supreme Court.

Senator Bob Dole of Kansas, in the most emotional speech at the convention, gazed out at the overwhelmingly white audience and demanded that the party turn more "sensitive." A similar theme was sounded earlier in the day by Representative Jack F. Kemp of New York.

"I'd like to see 50 wheelchairs in this audience," said Mr. Dole, the Senate Republican leader. "I'd like to see 50 black faces, 50 Hispanics, 50 Asian-Americans."

"We get a rap that we don't care about people who have real problems. We turn our back on the disabled. We don't like low-income Americans. We don't like old people. We don't care much for black people or brown people or Asian-Americans or white people. We're sort of a hard-hearted party. The upper crust. You don't want to be in the upper crust, you can't be a Republican."

The bottom line is how you treat others. And we have an obligation and a responsibility and above all an opportunity to open up the doors of this party."

The audience, composed mostly of Mr. Dole's supporters, burst into applause.

What dominated the mood of the convention was the impact of the Iran-contra affair and its implications about his management and control over the issue so far in which the presidential aspirants wanted to maintain a distance from Mr. Reagan.

The latest New York Times-CBS News Poll found that a majority of Americans believe the president was lying when he denied knowing that money from the Iranian arms sales had been diverted to the Nicaraguan rebels.

The problem of how to distance oneself from Mr. Reagan is especially delicate for Mr. Bush, the only prospective candidate to appear at the Seattle meeting who refused to answer questions from the Young Republicans or from reporters.

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### Kiosk

#### Italy Asks Gorla To Take Over

ROME (Reuters) — President Francesco Cossiga, in a surprise move, on Monday asked the outgoing Treasury Minister Giovanni Gorla to try to form Italy's 47th post-war government and end a four-month political vacuum.

Mr. Gorla, 43, a Christian Democrat, is one of the youngest members of the outgoing cabinet of the caretaker prime minister, Amintore Fanfani. He accepted the mandate as prime minister designate.

The nomination surprised commentators, politicians and even Mr. Gorla himself, after a day of confusion as Mr. Cossiga sought to overcome an impasse between the main groups in the crisis — the Christian Democrats and Socialists of former Prime Minister Bettino Craxi.



Giovanni Gorla, 43, after being asked to form a government in Italy.

### GENERAL NEWS

■ A Cambodian official said that refugees in Thai camps could return. Page 2.

■ As Alfredo Stroessner plans an eighth term as president of Paraguay, many are questioning his grip on power. Page 3.

■ The unmaking of Michael K. Deaver, President Reagan's former deputy chief of staff. First of two articles. Page 3.

### BUSINESS/FINANCE

■ The Soviet Union said it would join a UN commodities fund to help developing countries. Page 9.

Dow closes DOWN 3.02  
 The dollar in New York:  
 DM \$ Yen FF  
 L8425 1.6155 151.075 6.1325

## Head of Daimler-Benz Will Step Down Early

By Ferdinand Protzman

International Herald Tribune

FRANKFURT — The supervisory board of Daimler-Benz AG, West Germany's biggest industrial concern, has apparently forced the resignation of the managing board chairman because of concern that the group had outgrown his management ability.

A company spokesman said Monday that Werner Breitschwerdt, a 59-year-old engineer who became chairman in 1983 and who is widely credited with rejuvenating the company's basic car business, would step down before his contract expires at the end of 1988.

The spokesman would not comment on reports in the press and from company sources that Edzard Reuter, deputy managing board chairman and finance chief, would be named to replace Mr. Breitschwerdt at a special board meeting next week.

"Mr. Breitschwerdt will ask the supervisory board at its extraordinary meeting on July 22 to be re-

lieved of his responsibilities," the spokesman said.

"The effective date and the name of his successor will be decided by the board at that time. He is making the move purely for personal reasons and with the good of the company in mind."

The company also would not comment on reports that Helmut Werner, the managing board chairman of Continental Gummi-Werke AG, West Germany's largest tire manufacturer, would join Daimler and be groomed to succeed Mr. Reuter, who is 59, in about five years.

According to West German press reports, the resignation would take effect Sept. 23, Mr. Breitschwerdt's 60th birthday.

Industry analysts said Monday's announcement signals a further consolidation of decision-making and strategic planning following Daimler's unprecedented corporate buying spree in 1985.

At that time the automaker acquired a stake in the truck maker

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## Chun Names 9 to Posts in Seoul Regime

By Nicholas D. Kristof

New York Times Service

SEOUL — President Chun Doo Hwan of South Korea replaced the prime minister and eight cabinet ministers on Monday night in what officials described as an attempt to render the government impartial in the period before national elections.

New ministers replaced all cabinet members from the ruling Democratic Justice Party. In South Korea, only a small number of politicians are members of a political party, and it is common for cabinet members not to be in any party.

Neither the prime minister nor his cabinet has much real power. Ministers are mostly involved in preparing legislation that already has been approved by Mr. Chun.

None of the new appointees are members of the ruling party, and the shuffle apparently was a partial answer to calls by the opposition for a cabinet representing all sectors of society to make sure that campaigning and the elections are conducted fairly.

Most of the new ministers, however, are closely associated with the government and military establishment.

For example, the new prime minister is Kim Chung Yul, 69, a former three-star general and air force chief of staff. He has served as defense minister and ambassador to the United States.

The new defense minister is Chung Ho Yong, a former four-star general and home affairs minister who is a close friend of both Mr. Chun and Roh Tae Woo, chairman of the ruling party. Mr. Chung was in the same class as Mr. Chun and Mr. Roh at the military academy.

The opposition Reunification Democratic Party said Monday that the appointments were neither impartial nor fresh faces, but the Korean Chamber of Commerce and Industry, a business group, praised the shuffle as a step toward democracy.

Mr. Kim replaces Lee Han Key, who was named to the post less than two months ago. Mr. Lee cited

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Members of a Soviet consular delegation on Monday after their arrival in Tel Aviv.

## Soviets Begin Official Visit to Israel

By Thomas L. Friedman

New York Times Service

JERUSALEM — The first official Soviet delegation to visit Israel in 20 years quietly slipped into Tel Aviv Sunday night on a flight from Cyprus. Israeli officials confirmed Monday.

The Israeli Foreign Ministry spokesman, Ehud Gol, said the eight-man Soviet delegation — the first to visit Israel since Moscow broke off diplomatic ties following the 1967 war — did not want to have their arrival announced ahead of time or to make any statements to reporters. No Israeli Foreign Ministry officials greeted the Soviets at the airport.

The Soviet delegation is led by the deputy chief of the consular division of the Soviet Foreign Ministry, Yevgeni Antipov. It also includes the deputy chief of the Foreign Ministry's Middle East department, Alexei Tschystakov.

The ostensible purpose of their visit is to survey property in Jerusalem belonging to the Russian Orthodox Church and to renew the passports of Soviet citizens living in Israel, most of them clergymen.

It is not clear how the Soviet diplomats will be able to check the Russian church property because it is situated in East Jerusalem. The Soviets are apparently refusing to go there because it was annexed by Israel and is disputed territory.

The Soviet diplomats are staying at a hotel in Tel Aviv, but have reportedly rented a house in the Tel Aviv suburb of Ramat Gan, which will serve as their base. They are in Israel on 90-day visas, but Mr. Gol said the visas could be renewed "if they ask for it."

Considering the fact that they will be renting a house, some Israeli officials believe the Soviet consular delegation could turn into a long-term, perhaps permanent, fixture. The permanent presence of a "visiting" Soviet delegation could be a convenient way for Moscow to restore some kind of diplomatic links with Israel, while still being able to tell the Arab world that it had not formally resumed relations.

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In his speech, Mr. Bush, saying

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## Harbinger at Taj Mahal: Barbed Wire Threats of Attack Limit Access, Prompt Tighter Security

By Francis X. Clines

New York Times Service

AGRA, India — The Taj Mahal, the classic monument to personal grief and architectural splendor, has become a barometer of India's smoldering ethnic vendettas.

Recent anonymous threats to destroy the delicate, precious building have prompted a series of tighter security measures. A barbed-wire fence has been installed, photographs and night visits have been limited, and armed policemen have been placed on watch.

The splendor of the Taj Mahal has hardly been compromised by these measures. But security officials say they are considering yet another — the installation of metal-detecting entrances — that would overlay the structure's timeless beauty with the curse of mobile, modern man.

Despite the threats, there has been no attack on the marble mausoleum, which was completed in 1648 and is now under the custody of the Archaeological Survey of India.

But the brunt of the threats and the security measures is being felt by the thousands of daily tourists, who are now permitted to take only long-range photographs.

Signs have been posted forbidding visitors to carry

cameras into the tomb area, the main building with its onion-shaped dome.

Tourists had long photographed the most prized artistry within: the countless gemstone flower designs inlaid like lacy galaxies in the hand-carved white marble walls, trellis screens and twin ceremonial coffins of the fierce Mogul ruler, Shah Jahan, and his beloved wife, Mumtaz Mahal.

As sentimental as Shah Jahan was in building the mausoleum for his wife, who died during the birth of their 14th child, he also was a sometimes vicious ruler in a dynasty in which family rivalries were lethal.

He was ultimately imprisoned by his son, and part of the charm of the Taj Mahal for some visitors is imagining the old man's final musings on the elaborate mausoleum, visible from his cell that was not too far off in a fort at Agra.

The photo ban seems haphazardly enforced and adventurous visitors try to circumvent it, casually taking in a small camera and popping a few fast snaps. But the flash can lead to the summoning of a guard and a confrontation.

The presence of a hired guide seems to smooth the way. And already there are complaints that the main result of all the concern for heightened security has been to produce a new category of baksheet, the

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## Refugees in Thai Camps Could Return, Official In Cambodia Declares

By Henry Kamm  
New York Times Service

PHNOM PENH — A senior government minister has declared that Cambodia is ready, in principle, to take back the bulk of the 275,000 Cambodians who have sought refuge in Thailand since the Vietnamese invasion of 1979.

The minister, Kong Sam Ol, an assistant to Prime Minister Hun Sen who deals with international and Western relief organizations, said that his government was ready to talk with Thailand about the Cambodians in the border region.

Of the 275,000 Cambodians in Thailand, more than 250,000 have been denied refugee status by Bangkok. For them, there is little possibility of resettlement elsewhere.

The refugees, most of whom are under 16 years old, have nowhere to turn for protection and have been victimized by factions of the anti-Phnom Penh resistance, notably the Khmer Rouge of a former prime minister, Pol Pot, as well as by some Thai soldiers.

Because any settlement of the Cambodian problem seems unlikely to resolve the fate of the displaced persons as well as 24,000 other Cambodians in Thailand who enjoy refugee status, many members of international aid and relief organizations are increasingly looking to the possibility of negotiating with the Phnom Penh government of President Heng Samrin and its Vietnamese sponsors to let these Cambodians return on a voluntary basis.

The United States is the principal supporter of the border population. It contributes one-third of the budget of the United Nations border relief operation, about \$36 million a year.

Western and international officials in Geneva, Bangkok and Phnom Penh say that Phnom Penh's willingness to accept the return of the Cambodians in Thailand would be only part of the solution in resolving a problem that threatens to uproot a quarter of a million people.

Opponents of the Phnom Penh regime tend to see even indirect negotiations as tacit recognition of a government created through military conquest and sustained by 140,000 Vietnamese troops.

Phnom Penh no longer insists that Thailand recognize its government as a condition for refugee talks.

Kong Sam Ol said that a UN body such as the High Commissioner for Refugees could be an acceptable middleman. So far, the refugee organization has talked with Phnom Penh only on possible voluntary repatriation of some of the 24,000 recognized refugees.

The major condition that the minister attached to the acceptance of returns was based on Phnom Penh's fear that a mass movement might serve as a Trojan horse for anti-government forces. "We have to find out who they are," he said.

He said the government rejected any step toward settlement of the Cambodian conflict that did not include the dismantling of the Khmer Rouge as a military or political organization.

"We wouldn't take Pol Pot back," Kong Sam Ol said. "Everyone has to be checked individually, not an easy problem. We have clarity for the children, but we cannot separate families by returning the children before we know who their older ones are."



Supporters of former President Ferdinand E. Marcos demonstrating Monday at the U.S. Embassy in Manila. They alleged that tapes reportedly made of Mr. Marcos describing a plan to invade the country and overthrow the Aquino government had been altered.

## Manila Arrests Major, Alleges Plot

By Gregg Jones  
Washington Post Service

MANILA — A senior military commander said Monday that an armed forces major had been arrested and other army personnel were being sought in connection with a conspiracy to overthrow the government of President Corason C. Aquino.

Brigadier General Alexander Aguirre, commander of the forces defending the capital, said the arrested officer had detailed a military-civilian conspiracy to seize Manila International Airport, the adjacent air force headquarters and other government facilities in an effort to force Mrs. Aquino to step down.

Military investigators are seeking an unspecified number of active and recently discharged soldiers who are suspected in the plot, General Aguirre said.

The military announcement follows disclosures last week of tape-recorded conversations in which the deposed president, Ferdinand E. Marcos, was heard trying to buy \$25 million worth of weapons to outfit a force to overthrow Mrs. Aquino.

Mr. Marcos admitted on Sunday having discussed a possible invasion of the Philippines, but said his plan was predicated on his belief that a "Communist takeover" was imminent.

General Aguirre said the arrest and confession of the major had "pre-empted" a coup attempt against Mrs. Aquino by rightist civilian and military elements probably linked to Mr. Marcos. He said a series of recent bombings in the Manila area had been linked to the coup conspiracy.

Government television reported Monday evening that two military officers, including two majors, had been arrested in connection with the investigation. The station attributed the information to sources at armed forces headquarters.

A Manila newspaper, quoting a senior military source, said Monday that the coup was to have been begun with a takeover of Manila International Airport and a helicopter assault on the adjacent Villamor air base, the air force headquarters.

The report said passengers from international flights were to have been taken hostage as leverage in negotiating with the Aquino government.

## U.S. Official, Mozambican Rebel Aide Held Talks

By Neal A. Lewis  
New York Times Service

WASHINGTON — In a marked shift of policy, the Reagan administration has held low-level official talks with a representative of anti-government rebels in Mozambique and is actively considering expanding such contacts, according to government officials.

It had previously been reported that the United States was willing to have "informal contacts" with the rebels, but this is the first time that officials have said talks have actually been held.

The administration is under considerable pressure from conservative Congress to change its policy of full support for the Marxist government of Mozambique.

Administration officials have said repeatedly that they will not recognize or negotiate with the rebel group, the Mozambique National Resistance Movement, known as Renamo, because it has ties to South Africa and to do so would undercut a policy of carefully cultivated relations with the government in Maputo.

But the American officials are now seeking ways to defuse the confrontation with Senate Republicans who have insisted on some sort of contact with the Renamo rebels.

Underlying the situation is a debate between the Senate and the State Department over U.S. policy in southern Africa and whether the Reagan administration should support anti-Communist insurgencies there as it does in Central America.

The campaign to persuade the administration to shift in favor of Renamo has been led by Senator Jesse Helms of North Carolina, the ranking Republican on the Senate Foreign Relations Committee. He has been supported by Bob Dole of Kansas, the Senate minority leader. They have forced the issue by holding up confirmation of Melissa F. Wells, the administration's nominee to be the next ambassador to Mozambique.

Last month, Greg Fergin, at the behest of Chester A. Crocker, assistant secretary of state for African affairs, held talks with Renamo's Washington representative over the issue of an American woman abducted by the rebels in May. Mr. Fergin heads the desk in charge of Mozambican affairs at the State Department.

The woman, Kindra Bryan, 28, a nurse from Texas, was seized along with an Australian and five Zimbabweans, including a baby from a farm in an area where the rebels are active.

State Department officials acknowledged Mr. Fergin's meeting with the Renamo representative, Luis Serapiao, a professor of international relations at Howard University in Washington.

"He told me that Mr. Crocker had given him permission to talk to me," Mr. Serapiao said. He said he delivered a statement to Mr. Fergin from rebel headquarters in Gorongosa about the seven persons.

American officials described the meeting as merely an effort to obtain information about Miss Bryan. But other officials said it was also an attempt to satisfy the demands in Congress that Renamo be accorded some measure of recognition.

The State Department has adopted a strategy of improving ties to the Mozambican government in an effort to have it move away from Moscow. Moreover, officials say Renamo is a movement with no popular support that has regularly committed atrocities against the civilian population.

Renamo was established by white-ruled Rhodesia in 1976, the year after Mozambique gained its independence from Portugal. State Department officials say that it is now being used by the South African government to undermine Mozambique.

Mr. Helms and his allies say that Renamo is an anti-Communist movement deserving American support.

## WORLD BRIEFS

### EC Removes Ban on Syrian Contacts

COPENHAGEN (Reuters) — European Community foreign ministers agreed Monday to resume high-level contacts with Syria and said an international conference was the only formula that would advance Middle East peace efforts.

The ministers lifted an eight-month ban on ministerial contacts with Damascus but retained other sanctions, including an embargo on new arms sales. They were imposed in 1986 when Syria was implicated in a plot to blow up an Israeli airliner in London. Sir Geoffrey Howe, the British foreign secretary, said Britain would not restore diplomatic relations with Syria, which were broken off because of the incident.

Uffe Ellemann-Jensen, the foreign minister of Denmark, said he would contact Damascus to arrange a high-level meeting but added that he had no immediate plans to visit Syria. Denmark holds the rotating EC presidency.

### South Africa Black Union Calls Strike

JOHANNESBURG (WP) — The second largest black union in South Africa announced Monday that it will go on strike Tuesday to protest wages and working conditions.

A strike by 80,000 metalworkers was regarded as a possible precursor to a walkout by 200,000 coal and gold miners — nearly half the miners in South Africa. This could cripple South Africa's mining industry and lead to broader labor violence as it has during similar strikes.

Officials of the newly formed National Union of Metal Workers of South Africa said that 95 percent of approximately 85,000 balloting workers — most of them black — had voted to strike Tuesday. About 400 companies in the metal and allied industries, including automobile manufacturers, would be affected. The union was formed earlier this year with the merger of seven others. It has an overall membership of about 130,000.

### Security Tightened for Tour de France

RAYONNE, France (Reuters) — French police tightened security around bicycle races in the Tour de France on Monday after indications that Basque guerrillas were planning an attack on the race in southwestern France.

The police said that 300 officers of the National Intervention Force, an elite, Paris-based group, had been mobilized to assure the security of about 200 cyclists and hundreds of officials. A police source said that guerrillas had "targeted the Tour de France during its passage through the Pyrenees," the mountainous region of southwestern France that is believed to be the base for the underground Basque movement.

The officers will be posted along the course on Tuesday between the Basque towns of Pau and Luz-Ardiden, the source added. The route takes riders through the region of St. Jean, where the police have been searching for a man suspected of being the head of a Basque separatist group.

### Thousands of Ulster Loyalists March

BELFAST (AP) — Thousands of Protestant Loyalists marched in parades across Northern Ireland on Monday to mark the 29th anniversary of the Protestant victory over Catholic forces in the Battle of the Boyne. Two policemen were slightly injured and 10 persons were arrested in scattered clashes before the marches. But the police said the parades got under way peacefully in Belfast and 18 other cities and towns.

Early Monday, youths hurled rocks and bottles at police in three towns, Linsavady, Killest and Ballynahinch. The police said the trouble started when some Loyalists tried to hold parades without giving the police the required notice. Until two years ago some marches went through Catholic Nationalist, or Republican, neighborhoods where there were occasional sharp clashes, but the police have forced the parades away from these districts to reduce the chance of violence.

### Haiti Opposition Renews Strike Call

PORT-AU-PRINCE, Haiti (AP) — Opposition leaders, carrying out a pledge to renew national protests if the National Government Council did not resign, called for a general strike to begin Wednesday.

A coordinating committee representing 57 peasant, student and labor groups, led a general strike earlier this month to press for the resignation of the council, which is headed by Lieutenant General Henri Namphy, the army chief of staff. It warned last week that it would "go to the people" if the general did not step down by Monday.

The committee has proposed creating a five-member governing council, including one army representative, until national elections planned for November.

### Last Atlas-Centaur Rocket Damaged

CAPE CANAVERAL, Florida (AP) — An Atlas-Centaur rocket used for space launches was heavily damaged here Monday when a work platform struck the booster stage on the pad and ruptured a fuel tank, the National Aeronautics and Space Administration reported.

Four workers were slightly injured. The space agency provided few other immediate details on the accident, nor was it known whether the Centaur could be repaired.

This is the 68th and last Atlas-Centaur that the space agency plans to launch and there are no spare booster stages. The \$78 million Atlas-Centaur originally was to have launched an \$83 million military communications satellite on Jan. 11, but that was delayed after another Atlas-Centaur carrying an identical payload was struck by lightning and destroyed during a March 26 launching.

## TRAVEL UPDATE

### Gibraltar, Britain to Discuss Air Fares

GIBRALTAR (Reuters) — Gibraltar and Britain will analyze the future of European Community talks last month on an air fare liberalization agreement. Joanna Hassan, the chief minister of Gibraltar, and Sir Geoffrey Howe, the British foreign secretary, were scheduled to meet in London on Tuesday.

Spain, which claims sovereignty over Gibraltar, vetoed the EC accord because it wanted the Gibraltar airport to be left out. Spain said the airport should only be discussed bilaterally.

Britain reportedly wants the airport to be included in an EC cheap air fare package.

Heavy trucks have been banned from the main street in Herborn, West Germany, where a tanker truck crashed into an ice cream parlor on July 7 and killed five persons, the authorities said Monday.

A bomb threat forced a United Airlines plane flying from Hong Kong to Seattle to make an emergency landing at Tokyo International Airport on Monday, the police said. A flight attendant found a note with the threat in a toilet, but no bomb was found. (Reuters)

## Bavaria Defends Application of AIDS Measures

By Serge Schmemmann  
New York Times Service

MUNICH — Amid sensational debate, the West German state of Bavaria put into effect last month some of the stiffest AIDS regulations yet ordered anywhere. They include mandatory blood tests for prostitutes, drug addicts, prison inmates, applicants for civil service jobs and some foreigners seeking residence.

The regulations also provide for isolating some carriers of AIDS, or acquired immune deficiency syndrome, at least in extreme cases.

But so far, according to Peter Gauweiler, secretary of state in the Bavarian Interior Ministry, no one has been denied a civil service job or residence permit and no one has been "isolated," or quarantined.

From the time they were announced on Feb. 25, the regulations stirred a fierce debate, often pitting Bavaria's conservative government against the federal government in Bonn. Specifically, the issue pitted Mr. Gauweiler against the federal minister of health, Rita Süssmuth, a staunch opponent of mandatory testing.

Disclosures in the press last week, however, indicated that since December the federal government and other West German states have been noting in police records whether a convict is infected with AIDS.

The leftist Berlin newspaper Die Tageszeitung said that federal and regional interior ministries had made such entries as "Careful: Avoid blood contact" in computer dossiers.

An Interior Ministry spokesman drew a distinction between adding the information to a criminal record and registering AIDS-infected people. The latter practice, he said, is not done.

The most controversial provision of the Bavarian program allows isolation of AIDS carriers in extreme cases, such as when a prostitute refuses to quit her work.

Mr. Gauweiler said the quarantine of an AIDS carrier could be ordered only by a judge and would involve confinement in a special ward at a medical institution.

But critics have raised the specter of special camps for AIDS sufferers. The weekly magazine Stern recently published a cover showing naked youths behind a barbed wire fence with a sign saying "AIDS-Free State of Bavaria."

In Germany, as in the United States, critics say requirements for mandatory testing would drive potential victims underground.

About 1,090 people in West Germany are known to have AIDS, and 185 of those cases are in Bavaria.

is. About 100,000 people are believed to carry the virus.

Mr. Gauweiler said the Bavarian measures were merely administrative instructions on applying existing federal laws to a disease that is universally acknowledged as a major danger.

Protesters already are obliged to have regular tests for venereal diseases. Civil service applicants are rejected for such health problems as high blood pressure or obesity. And applicants for residence permits have always had to undergo medical tests.

"The existing law applies to 50 infectious diseases, but not to AIDS," Mr. Gauweiler said. "I just don't understand why we can check for all these other diseases, but not for AIDS, which is so much more dangerous."

The debate in Bavaria, as in the United States, has turned to fundamental questions of individual rights. The fact that Bavaria, firmly ruled by the Christian Social Union, is a bastion of conservatism in West Germany has only sharpened the dispute.

The Christian Social Union, part of the government coalition in Bonn, tried once to expand its AIDS regulations to the rest of the country. The effort was blocked when Mrs. Süssmuth threatened to resign.

### Demonstrations Resume in Panama

PANAMA CITY — Anti-government demonstrations resumed here Monday, the day after Panama's de facto ruler, General Manuel Antonio Noriega, said he would not resign.

The government held an emergency cabinet meeting Monday to discuss the crisis.

Hundreds of people demonstrated at noon in cars and honked horns to express discontent. They were cheered by office workers and by people in residential areas.

On Friday more than 300 people were arrested and scores were injured when security forces prevented anti-government demonstrators from holding a rally in Panama City. Troops in combat gear patrolled over the weekend but turned to their barracks Monday.

The unrest began a month ago, after an army colonel accused General Noriega of corruption and murder. On television Sunday night the general rejected calls to resign, saying: "Why should I go why should I go?"



Rajiv Gandhi voting in India's presidential election Monday.

## Gandhi Nominee Is Favored In Election for President

NEW DELHI — Indian legislators voted Monday to elect a successor to President Zail Singh, who leaves office later this month.

Vice President Ramaswami Venkatarman, the nominee of Prime Minister Rajiv Gandhi, is expected to win. Mr. Venkatarman is competing against an opposition candidate, V.R. Krishna Iyer, and an obscure independent nominee, Mithlesh Kumar Sinha.

### Car Is Bombed in Barcelona

BARCELONA — A bomb placed by separatist guerrillas damaged a policeman's car here early Monday but caused no injuries, the police said. The Catalan group Terra Lliure, or Free Land, claimed responsibility for the attack.

## Kohl and Zhao Praise Reforms In Soviet Union

Agence France-Press

BEIJING — Chancellor Helmut Kohl of West Germany and Prime Minister Zhao Ziyang of China met Monday and mutually welcomed reforms undertaken by the Soviet leader, Mikhail S. Gorbachev, a member of Mr. Kohl's delegation said.

In three hours of talks, they agreed that Mr. Gorbachev's policy of *glasnost*, could lead the Soviet Union to open itself up more to other countries, the official said.

Mr. Kohl's talks with Mr. Zhao, who is also acting general secretary of the Chinese Communist Party, concentrated on economic cooperation and bilateral trade, the West German official said.

Mr. Kohl was accompanied by Hans Klein, Bonn's economic cooperation minister, other government officials and about 30 leading West German businessmen.

West Germany is China's fourth-largest trading partner, after Japan, the United States and Hong Kong. It exported \$2.86 billion to China in 1986 and imported \$1.25 billion.

The West German official said that Mr. Zhao raised the question of China's trade deficit during the talks, saying West German investment in China, particularly in joint ventures was insufficient.

DHAKA, Bangladesh — Anti-government protesters and riot policemen clashed for a second day Monday during a national strike to protest a law giving the military seats on local councils.

Parliament passed the law on Sunday.

The strike was first called by several unions demanding higher wages and benefits, but it turned into a national anti-government protest when major opposition groups lent support to the unions over the new law.

Opposition leaders said the bill would allow the army to share administrative powers in key rural district councils. They denounced it as a move to "militarize democracy" and threatened to launch a stronger protest unless it was quickly repealed.

They said the law represents an attempt by the president, Lieutenant General Hussain Mohammad Ershad, who took power in a 1982 coup, to give the military a permanent role in government despite the end of four and a half years of martial law in November.

"With the passage of the black law, martial law has been proclaimed afresh under a civil order," Sheikh Hasina Wazed, leader of the Awami League, an eight-party opposition alliance, told supporters Sunday. "Our only aim now is to oust the regime."

The strike closed shops and halted public transportation. It ended Monday afternoon, but students have called for another stoppage Tuesday.

## For Africa's Children, Wars Inflict Rising Toll

By Sheila Rule  
New York Times Service

NAIROBI — Life has become a doubtful proposition for the four million children caught in the cross fire of Africa's wars.

The death rate of African children, from bullets and preventable diseases, is soaring, and the toll exacted by conflict is felt in other ways.

Children often lose their homes and clothing and, because of the protracted chaos, cannot attend school. Many have seen their parents killed or have been separated from their families. With anxiety and depression as unaccompanied companions, they wander toward a future that seems to offer more despair than promise.

In an attempt to find ways to ease the plight of these victims, about 100 representatives of African governments, international humanitarian organizations and other groups met here last week in the first conference on the continent devoted to the impact of war on children.

The participants recommended, among other things, that the Organization of African Unity work with governments and other bodies to promote the continent as a "zone of peace," where children would be guaranteed access to basic services and protection.

They called on governments and international agencies to immediately assess the effect of Africa's various wars on women and children, who were said to be the main victims, with a view toward providing help based as much as possible on resources available locally.

The conference was sponsored by the United Nations Children's Fund and the Nairobi-based African Network on Prevention and Protection Against Child Abuse and Neglect.

It identified South Africa's system of apartheid as a "form of war" that was particularly destructive to children and urged all countries and humanitarian groups to bring to an end what participants characterized as "this inhuman and unacceptable practice."

A conference paper on Mozambique, a southern African country that has experienced one of Africa's most prolonged conflicts, reflected the bleak situation in areas of strife elsewhere on the continent.

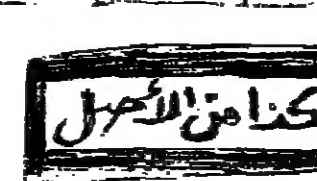
The report said that the decade of war, in which the Marxist government has been fighting rebels backed by South Africa, had helped to raise the mortality rate of children under the age of 5 to as many as 375 per 1,000 last year.

Disclosures in the press last week, however, indicated that since December the federal government and other West German states have been noting in police records whether a convict is infected with AIDS.

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## In Paraguay, Signs Of New Uncertainty

As Stroessner Prepares for an 8th Term, His Grip on Power Is Being Questioned

By Alan Riding  
New York Times Service

ASUNCION, Paraguay — For the best part of three decades, Paraguayans could safely assume that everything important, unusual, or even illegal that occurred here was part of one scheme or another by General Alfredo Stroessner to perpetuate his dictatorship.

But as the 74-year-old president prepares to be elected to his eighth term, Paraguay is being swept by such political uncertainty that, for the first time in memory, his absolute grip on power is being questioned.

No one doubts that he will be re-elected in February. No one dares predict a military coup. And even opposition leaders have given up announcing that he is terminally ill.

Still, Paraguayans are wondering whether everything is going according to his plans.

"Opinions are split," a Western diplomat said. "Some people still can't imagine anything happening without his approval. Others say he's out of touch. But the very fact that this question is now being debated is significant."

Most puzzling is the power struggle that has erupted within the governing Colorado Party between so-called traditionalists and militant factions. Both swear loyalty to the president, but their public warring has badly divided one of the main pillars of his power.

The battle also has reportedly caused distress in the armed forces, the president's other key political base.

The prize sought is control of the party — and the country — at the moment the dictator dies or steps down. Top military leaders see themselves, and not the politicians, as the natural heirs to the Stroessner government.

The agitation emanating from the immediate circle of power has disturbed the "order and harmony" traditionally provided by a single unchallenged political opinion.

It also has prompted other long-silent voices, notably the Roman Catholic Church and the private sector, to start criticizing the government.

The church, for example, organized a national dialogue that has brought together opposition, labor, academic, professional, journalistic and church groups to discuss the nation's political future. The Colo-

radio Party and other pro-government organizations have boycotted the effort.

So far corporations and business owners have mainly pressed the government to control contraband and reduce the nation's debt. But Ubaldo Scavone, president of the Unión Industrial, noted: "All of us believe that democracy is best for free enterprise."

After General Stroessner's decision to end a state of siege and allow the return of political exiles earlier this year, even Paraguay's tiny, divided opposition parties have been allowed to speak out and hold political meetings.

They are convinced the president is trying to improve his image abroad. "The international pressure has had to make a difference," said Domingo Laino, who recently returned from exile and whose first public meeting last month drew a crowd of 30,000, the largest opposition gathering in 20 years.

The "democratic opening" is in fact still tiny. The main independent newspaper, ABC Color, and the opposition radio station, Radio Nanduti, for example, remain closed.

Nonetheless, the Reagan administration, which has repeatedly urged General Stroessner by describing his government as a dictatorship, has welcomed even the smallest indication of an opening toward democracy.

But in the Paraguayan government and the opposition, no one believes a gradual transition to democracy is taking place. So attention instead is focused on speculations about the intentions and the state of mind of the dictator, who has ruled since 1954.

The president's image is present everywhere: on the posters and the slogans that cover the walls in Asunción, and every day in local newspapers and on television, where he is shown receiving visitors or inaugurating events.

But only once a year, on April 1, does he address the nation, to enumerate the achievements of his "democracy without Communism."

On the rare occasions when he meets foreign journalists, he reveals nothing. And even among senior Colorado Party politicians and top generals, he is said to be haughty and tight-lipped.

Since his power was long evident by his silent authoritarianism, the



Alfredo Stroessner

political cacophony of recent months has begged the question: Has he changed the rules to fit some new Machiavellian scheme, or is change beginning to take place without him in a country where 70 percent of the population of 3.5 million was born since he seized power?

The greatest source of fascination remains the battle within the Colorado Party that has pitted the "traditionalists" whose power is based on their close ties to the president against the "modernists," who reportedly believe the party should prepare itself for the post-Stroessner era.

The most bitter feud is between a powerful newspaper publisher and former son-in-law of the president, Humberto Dominguez Dibb, and Interior Minister Sabino Augusto Montanaro, who is part of a "militant" faction that hopes to seize control of the party at its convention next month.

After Mr. Dominguez was jailed for four days last month on the orders of Mr. Montanaro, the publisher threw his weight behind the re-election of the current "traditionalist" party leader, 85-year-old Juan Ramón Chavez.

Some diplomats speculate that on the eve of the party convention, General Stroessner will assert his strength and impose a single "unity" slate. Another scenario has him seeking a "militant" victory in order to secure absolute control over the party and ensure the perpetuation of his regime after he dies.

On only one thing is there consensus. "Things are happening here that would have been inconceivable a year ago," said Humberto Rubin, the owner of Radio Nanduti. "This is not the Stroessner regime that we grew up with. We just don't know where it is leading us."

## Santiago, Its Wonders Veiled, Starts to Fight Smog

By Shirley Christian  
New York Times Service

SANTIAGO — Some evenings, from the middle of Santiago, the sky appears as a watercolor of pale pastels and the snow-topped Andes are streaked pink and blue by the setting sun.

But usually at this time of year, all of that is hidden by particles in the air.

This is smog, with which Chileans are unhappily becoming acquainted.

The issue is so sensitive that the president, General Augusto Pinochet, recently dismissed an army general from his job as metropolitan governor because he supposedly caved in to bus owners in a dispute over emissions controls.

Pollution experts here, who are a small but growing number, say this is one of the world's most polluted cities.

The morning newspapers carry an air-quality index telling how bad conditions were the day before. They also announce which vehicles are not allowed to move that day; the restriction, based on license plate numbers, keeps one-fifth of all vehicles off the streets each weekday.

These days, the beginning of winter in the Southern Hemisphere and the height of the smog season, the air quality is usually "bad," and some days pushing "very bad." On June 15, thanks to a wave of polar air, the index read "acceptable" for the first time in two months.

Santiago's problem began four centuries ago when Pedro de Valdivia, a Spanish conqueror, selected the site for his city. With mountains on three sides, he reasoned, the area would be easy to defend against invading armies.

The area has a natural beauty that awes visitors and makes Chileans abroad dream of home. It is 70 miles (112 kilometers) from Pacific beaches and fresh seafood, and an hour's drive in the opposite direction from first-class skiing.

But city residents have introduced dirt and gases that are trapped by the natural boundaries that Pedro de Valdivia welcomed.

Ricardo Katz Bianchi, a pollution adviser for the governor's office, likens Santiago today to a giant cooking pot full of pollutants. A permanent "temperature inversion layer" over the city is a lid that rises and falls but never disappears.



Santiago smog/The New York Times

Heavy smog in Santiago has led to daily traffic restrictions and other measures to deal with an increase in pollution.

The near absence of wind, as well as low rainfall, 12 to 14 inches (31 to 36 centimeters) a year, add to the problem.

Santiago's worst pollution, Mr. Katz said, comes from dust and particulates in diesel fuel; in contrast, cities in more developed countries have to worry about lead, sulfur oxides and carbon monoxide.

Mr. Katz attributes Santiago's pollution mainly to 8,500 diesel-powered buses that operate in the city and nearly 2,000 miles of unpaved streets in the urban fringes.

Mr. Katz said a government study concluded that the diesel fuel was responsible for most of the pollution particles in the air that could be inhaled and cause health problems.

Although Santiago is still in the initial stages of measuring and analyzing its smog, Mr. Katz said that samples that had been analyzed had contained cancer-producing compounds.

Twenty years ago, Mr. Katz said, the buses operating in Santiago were mainly built in the United States and burned gasoline, but in the 1970s diesel buses began to be imported from Europe. They had lower fuel costs, but they also brought most of the pollution, he said.

The search for solutions, he noted, is just beginning. One of the first steps has been the installation of five air-pollution monitoring stations. For the future, Mr. Katz said, methanol-fueled buses may be tested for use in the area.

## Nathan Perlmutter, 64, Dies; Leader of U.S. Rights Group

The Associated Press

NEW YORK — Nathan Perlmutter, 64, national director of the Anti-Defamation League of B'nai B'rith, died Sunday, league officials said Monday.

Mr. Perlmutter had devoted nearly his entire career to the league, a human rights organization dedicated to opposing anti-Semitism and racism. A New York native, he joined the organization in 1949 after graduating from law school, and remained with it, with one eight-year interruption, until his death.

Mr. Perlmutter was the author of several books, including "The Real Anti-Semitism." He also wrote "How to Win at the Races," a thoroughbred racing was one of his passions and a colt he owned won the 1977 Florida Derby.

From 1965 to 1969, he was associate national director of the American Jewish Committee. From 1969 to 1973, he was vice president of Brandeis University.

Last month, President Ronald Reagan named Mr. Perlmutter as a recipient of the Presidential Medal of Freedom, the nation's highest civilian award.

■ Other deaths: Peter Gimbel, 59, an underwater photographer who over three decades explored and filmed the wreck of the Italian liner, Andrea Doria, which sank in 1956, of cancer Sunday in New York City. He was the son of Bernard Gimbel of the Gimbel Brothers department store chain.

Dr. Thomas F. Waddell, 49, one of the founders of the Gay Games for homosexual athletes in 1982 and a sixth-place finisher in the decathlon at the Olympic Games in 1968, in San Francisco on Saturday from complications related to AIDS.

Mr. Clark invited Mr. Deaver to work on Mr. Reagan's transition team in 1966, after Mr. Reagan defeated Governor Edmund G. Brown, a Democrat. When Mr. Clark became Mr. Reagan's cabinet secretary, Mr. Deaver became his deputy; later, when Mr. Clark moved to executive secretary, Mr. Deaver moved with him.

Mr. Deaver's role in those years evolved into the one he would carry on to Mr. Reagan's campaigns and the White House: the gatekeeper, the detail man, the aide who looked after the personal staff and who without question had Mr. Reagan's best interests at heart.

In an administration largely staffed by neophytes, "Mike fit in well," said Sal Russo, a political consultant. Mr. Deaver was "basically conservative, not deeply ideological."

Mr. Deaver also earned the trust of Nancy Reagan. By some accounts, it was his 1968 marriage to Carolyn Judy that sealed the relationship. Miss Judy had worked with Mrs. Reagan on a state arts council, Mr. Russo said.

Mr. Deaver spent 19 years — broken only by a period of four months — working for Mr. Reagan. The break came in 1979 when he headed a power struggle to John P. Sears, who had been hired for the 1976 Reagan campaign on Mr. Deaver's recommendation.

Several months later, after his victory in the New Hampshire primary election, Mr. Reagan dismissed Mr. Sears as campaign manager. Mr. Deaver then returned to the campaign. Most who know Mr. Deaver call this episode a crucial one in his career.

After the 1980 victory, Mr. Deaver was torn about whether to join the administration in Washington. The phrase "kicking and screaming" is often used to describe his surrender.

Tomorrow: The Washington transformation.

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## Deaver: Unmaking of the President's Man

First of two articles  
By Marjorie Williams  
Washington Post Service

WASHINGTON — For the record: That was not Michael K. Deaver's limousine on the cover of Time magazine.

The car, in which Mr. Deaver chatted into a phone implicitly connected to the Capitol building in the background, was rented for the shot — the perfect setup for the words ultimately superimposed in the foreground: "Who's This Man Calling? Influence Peddling in Washington."

As Mr. Deaver's brother said, "It wasn't even his car, that was the worst part of it. Mike had a Jaguar at the time."

Without doubt, the March 3, 1986, cover of Time is to Mr. Deaver as the vicuña coat was to Sherman Adams, as the yacht named Monkey Business will be to Gary Hart: the salient detail that will walk him through time, a shorthand allusion to the destruction of a public life.

In his acquiescence to that photograph all the themes raised by friends, detractors and former associates who try to explain the long rise and fall of Michael Keith Deaver.

The 49-year-old former White House deputy chief of staff went on trial Monday to answer five counts of perjury said to have taken place in testimony before a congressional subcommittee and a grand jury.

Whitney North Seymour Jr., the independent prosecutor whose 10-month investigation led to Mr. Deaver's indictment in March, did not produce any charges that Mr. Deaver violated ethics laws governing a former official's lobbying activities.

Thus the trial will not directly address the offense for which Mr.

Deaver was suspected — peddling to clients the high access he derived from his 19 years of service as Ronald Reagan's closest aide.

Now will it address Mr. Deaver's sin, as the gentle folk of Washington see it. Is the realm in which he has already been tried and found guilty, but has only begun to serve his sentence: for how he used his power while he was in the White House; for his ways of losing friends and making enemies; for weaknesses of character, will or intellect; above all, for misunderstanding the rules of the game.

"I think he's had the fastest rise and the fastest fall ever in this town," said a former White House political director, Edward J. Rollins.

Mr. Deaver is described most vehemently as a man who destroyed himself through arrogance and envy; most mildly as an unusually vivid example of the bad things that happen to people who do not return their phone calls; most passionately as an appropriately ambitious son of the middle class who was living out the Reaganite dream of success when he was waylaid by resentful others; and most compassionately as an insecure loner who became a solitary drinker who became a recovering alcoholic, a man who might yet find some measure of personal, if not public, redemption in the calamity he invoked.

But always, he is described as an image maker whose sin was to lose control of his own public relations.

Mr. Deaver, at his lawyer's advice, has not granted interviews for recent articles. His brother, Bill, spoke on his early years.

"Once in awhile I read an article that says we were poor, and it irritates me, because I don't think we were really poor," he said.

He was responding, implicitly, to



Michael K. Deaver

a theory about Mr. Deaver's undoing: that he grew up too hungry to keep his head in an administration staffed by the wealthy.

Bill Deaver talks sparingly of their childhood in Bakersfield, California — and in Madras, Riverside, Arvin and Mojave, the desert town where their parents finally settled in 1948. Their father, Paul Deaver, sold Shell Oil products and got transferred every few years until he quit to work with a Shell distributor and bought a Mojave service station.

Michael Deaver "pretty much put himself through" San Jose State University, managing his fraternity house during the summer and playing piano. He majored in political science after considering journalism and the Episcopal priesthood. After graduating in 1960, he worked for a year and a half as an administrative trainee with IBM and served in the Air Force Reserves.

In 1962, the Santa Clara County Republican Party hired him as an executive director, a job that involved the low-level work of directing volunteers and organizing precincts. He was well liked by the older men he worked for. Three years later, the Republican State Central Committee hired him to handle several coast counties in its drive to recapture the state legislature.

In that role he came to the attention of William P. Clark, who was Ventura County chairman and who introduced him to the Reagans.

Mr. Deaver's relationship with the Reagans is in some respects the key to the man.

Mr. Clark invited Mr. Deaver to work on Mr. Reagan's transition team in 1966, after Mr. Reagan defeated Governor Edmund G. Brown, a Democrat. When Mr. Clark became Mr. Reagan's cabinet secretary, Mr. Deaver became his deputy; later, when Mr. Clark moved to executive secretary, Mr. Deaver moved with him.

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Tomorrow: The Washington transformation.

## Vatican Gains in Third World Clergy

By Roberto Suro  
New York Times Service

ROME — Priests from Asia and Africa might someday have to look after Roman Catholics in countries that once sent off hordes of missionaries, as Vatican documents show a rapid growth in the number of priests in Third World countries amid a continuing decline in Europe and the United States.

Over the last decade, young men in South America, Africa and Asia have been joining the priesthood at a pace that notably exceeds the rate of population growth, indicating that the priesthood has a special appeal in those regions. But elsewhere, there are not enough new recruits to compensate for the number who are dying or leaving the priesthood.

If the geographical shift in the clergy continues, a recent report by the Central Statistics Office of the Roman Catholic Church predicted,

"in a not distant future it will be necessary to redistribute new priests in areas other than where they were born."

This report and other statistical studies, recently released by the Vatican, show that on a worldwide basis the church appears to have recovered from the manpower crisis it suffered in the 1970s.

In general, far fewer men are now leaving the priesthood, and the number of men studying for it rose 41 percent in the last decade.

In 1985, the latest year for which the Vatican has statistics, 533 diocesan priests were ordained in the United States, a figure second only to Poland, which ordained 703. But from 1970 to 1985, the number of young men studying for the priesthood in North America dropped by 43.7 percent, according to a study published by L'Osservatore Romano, the Vatican newspaper.

The regions where the clergy is growing fastest also have the populations that are expanding most rapidly, but the Vatican statistics show that the increase in the number of men beginning priestly studies substantially exceeds the rate of population growth.

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## For a Global Farm Fix

While the U.S. Congress backs into a policy of protecting failing industries, Reagan administration officials are pursuing constructive fixes for America's trade woes. The president offers a plan for restoring trade leadership for the largest and most efficient U.S. industry: agriculture.

The bold proposal is to eliminate all barriers to trade in farm products by the year 2000, and it will not be an easy sell, at home or abroad. But it is the one trade initiative that promises an enormous payoff for both American producers and consumers.

The plan, offered to negotiators in Geneva, would allow income assistance to rural families as long as the aid did not create incentives for greater harvests. Aid for the poor, like food stamps and Food for Peace, would also continue. But all other programs affecting supply and demand, everything from price supports to guaranteed credit, would be phased out within a decade.

In Japan, where farmers receive three to five times the world price for rice, wheat and beef, few would be able to stay in business. But actual hardship would be rare. Farming is part-time work for the great majority of Japanese in rural areas.

European farmers would suffer a much harder blow. They do not enjoy as much protection as their Japanese counterparts but there are a lot more of them, and the social displacement would be far greater. Still, these prospective costs would be more than offset by spectacular savings. European taxpayers pay \$26 billion a year in crop subsidies, while consumers cough up \$40 billion in above-market prices for food.

Winners from unfettered, unsubsidized trade would also include efficient food producers in Australia, Argentina and Brazil. But the biggest winner of all would be the United States. American taxpayers pay more in subsidies today than farmers get to keep as income. But unlike the heavily subsidized Japanese and Europeans, all that farmers really need to prosper is open markets.

America is the world's most efficient producer of grains and the largest exporter. If Europe and Japan eliminated farm subsidies and became substantial food importers, prices for wheat, rice, sugar, poultry and dairy products would rise, and much of the additional revenue would go to American farmers. That would more than cover their loss of \$30 billion in government aid.

Governments have never found it attractive to take on farm lobbies in the general interest, including the interest of world trade. But what appeared to be an impossible task a few years ago looks less so today. And no wonder: As technology permits individual farmers to substitute capital for labor, the cost of preserving their absolute right to remain on the land has ballooned. According to the World Bank it is approaching \$100 billion a year. When will industrial societies run out of the patience and the money, to indulge such costly pastoral romance?

—THE NEW YORK TIMES

## Adjusting the Truth

As the ineffectual Iran-contra saga continues into a new week, we have a question: Why has it evidently been so difficult for the folks over at the White House to speak the truth on any aspect of this matter, including even relatively trivial ones?

The president is said to be deceived by polls showing that a large proportion of the public does not believe he is telling the truth. But consider what has been offered the public. It is hard to remember or to believe, with all the contrary information we have received, that at the outset Mr. Reagan said there was no truth to the stories that the United States had been providing arms to Ayatollah Khomeini, then that he had not known what was going on, that all the arms would have fit in a single plane, and so on.

His aides, in an incredible act of folly and arrogance, prepared phony briefings for him so that he went before the public in both a speech and a news conference and said things that were demonstrably untrue. Mr. Reagan, tangled up in all this general mendacity, then took a new tack as the contra connection developed. It was that the key repository of information on the whole operation was Lieutenant Colonel Oliver North, that he — the president — was burningly eager to get the full story from Colonel North, but that he respected the colonel's rights in the face of a potential criminal charge and so implored Congress to grant Colonel North immediate immunity.

That was then. At the end of Colonel North's first day of testimony, the White House made a point of announcing that the president, who could not tell us often enough how much he wanted to hear Oliver North's story, had been too busy to "tune in" on it. But when the colonel's testimony began to grip the public's attention, the White House changed its story. Guess what? The president had, after all, been tuned in. How to account for this? An administration official told a New York Times reporter: "I think everybody wanted to send a message that just because a key witness was on the stand, the White House had not come to a standstill. But we made too much of an adjustment."

An "adjustment"? What is an "adjustment"? Is that what people used to call a lie? Someone said on television recently that this was the gang that can't shoot straight. Is it also the gang that can't tell it straight? Why on earth are they not more sensitive by now to the fact that the president's credibility has already taken an awful drubbing? They should cut it out while all the "adjustments" that have been told since November would still fit in one place.

—THE WASHINGTON POST

## Three Forward, One Back

The U.S. Senate has taken three steps forward and one backward on important amendments to its trade bill. The forward steps, sponsored by Senators Bill Bradley and Phil Gramm, give the president essential flexibility in dealing with import competition. The bipartisan step backward, co-sponsored by the Senate leaders, Robert Byrd and Bob Dole, waters down the House's Gephardt amendment but remains misguided.

Mr. Gephardt's amendment, guaranteed veto-bait, targets Japan and a few other countries with large surpluses in trade with America and allegedly unfair restrictions on imports. It threatens massive retaliation unless they set things right. The Byrd-Dole version still aims at removal of restrictions, but thunders less about what America would do to get even. Both versions imply, wrongly, that there is a fair way to define unfair restrictions and to measure the impact. Both pretend, presumptuously, that foreign consumers would gobble up American goods if only their markets were open. Neither one allows that America has unfair restrictions too — lots of them.

The Senate seemed about to further restrict presidential flexibility when Senators Bradley and Gramm intervened. The original Senate bill would have ordered the president to restrict offending imports when the U.S. International Trade Commission found injury, even if the problem was lazy American management. The Bradley and Gramm amendments restored flexibility.

Mr. Bradley's successful proposal says that if import curbs would disproportionately hurt the poor, the president can reject the commission's advice. That is a lot of leeway, since tariffs and quotas inevitably tend to raise prices, for poor and rich alike. Mr. Gramm managed to ring in farmers; when a proposed restriction on imports of any product would hurt the farm economy — for instance, if curbing Japanese widgets might lead Japan to curb U.S. wheat — the president could reject the proposed restriction. A second Gramm amendment lets the president consider whether a restraint on imports might cost more jobs than it saves.

Senators found it hard to oppose "motherhood" — protecting the poor, the farmers and jobs — but the final thrust of this vital legislation is up to a House-Senate conference, where the administration hopes compromises will cancel the worst of both bills. For now, a salute to Messrs. Gramm and Bradley for illuminating the real consequences of protectionism, higher prices and fewer jobs.

—THE NEW YORK TIMES

## Too Many Close Calls

Perhaps 1987 will be merely The Year of Close Calls for airplane travel, but the news from the skies these days is not at all comforting. The latest certified horror story involved a Delta Air Lines jumbo jet that drifted 60 miles (about 100 kilometers) off course over the North Atlantic and came within 100 feet (30 meters) of colliding with a Continental Airlines jet on Wednesday. Some witnesses now charge that the Delta flight crew attempted to cover up this incident; a U.S. Air Force jet was in the area and taped a radio conversation reportedly revealing a cover-up attempt. As if this were not enough to chill travelers, there have been reports of a plane landing at the wrong airport and a near-collision involving jetliners about 800 miles south of New York City. What is causing all this?

Aviation safety officials cite all sorts of factors — starting with more air traffic. But more to the point are some conditions cited in a National Transportation Safety Board report on the collision in August of an Aeromexico jetliner and a small private plane near Los Angeles that killed more than 80 people. The board said inadequacies of the system for controlling traffic, rather than individual human errors, were the prime cause. The private pilot's airspace violation clearly was an element, but board members renewed their call for more measures to reduce the threat of in-air collisions.

The gist of these recommendations gets down to two basics: better equipment, better-trained people. Neither the Federal Aviation Administration nor the airlines can afford to look the other way. Luck is no substitute for maximum precautions.

—THE WASHINGTON POST

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## A Terrible Sense of Responsibility for Us All

By Kathleen McCaffrey

NEW YORK — Within the dramatic legal forms of the French state trial of Klaus Barbie, time and experience were telescoped. That telescoping magnified the larger meaning of the trial of the Nazi who terrorized Lyon as Gestapo chief from 1942 to 1944.

As the witnesses — Jews and members of the French Resistance — approached the stand to testify, they seemed to pass into another zone. For them, it was not simply a question of memory, but of reliving days, months, years of agony, for the first time publicly since the war.

Barbie, the source of that agony and, at the trial, the symbol of the occupation, has fittingly been found guilty of crimes against humanity, and sentenced to life imprisonment.

Raymond Guyon, a Resistance member as a young woman, was arrested and deported by



BY HÉLIO PÉLORES IN LA JARROSA (MEXICO CITY).  
Cartoonists & Writers Syndicate.

Barbie to Ravensbrück; her husband was tortured and shot. She stepped to the microphone trembling. "I feel I've just been taken back 43 years."

Vincent Plaque, organizer of a Resistance unit in Lyon, who was tortured and deported by Barbie, told the court in moving tones that he had never, until that moment, spoken of his sufferings — not even to his children.

The mission of Mario Blandone, as a Resistance fighter, had been to assassinate Barbie. Having nearly succeeded, he found himself before the SS chief in May 1944. Mr. Blandone told of 18 days of interrogation and torture, followed by deportation to Dachau. "I must tell here what many of the women, witnesses before me, have omitted through modesty," he said. He described sexual torture. A shiver ran through the hall.

The next day, Mr. Blandone stood before rising to confront and identify Barbie for the first time since the war. Crimson with terror and rage, and deaf to the presiding judge's attempts to intervene, he pointed his finger and, taking several steps toward Barbie, shouted in a gasping voice: "Look at him! An SS stripped of his whip and machine gun! He's cowardice itself!" Back in his seat, Mr. Blandone buried his face in his hands.

As each witness testified, their anguish passed into the audience's collective consciousness. In the momentum of daily testimony, the trial became a catharsis for the survivors and those listening.

At times it was impossible to remain in the courtroom. Several witnesses told of the systematic murder of newborns at Auschwitz — injected with poison, drowned, thrown into a fire. What would they describe, these survivors? Fortune Benguigui was the mother of three of 44 Jewish children deported, under Barbie's or-

ders, from a refuge at Izieu, near Lyon. Himself a victim of Josef Mengele's medical experiments at Auschwitz, leaving her permanently disabled, she testified that in the camp she thought she saw her oldest boy, 12, in a column of children, new arrivals. Then he was gone. Her voice faded.

At such moments, there seemed an abyss between the victims and the audience. But at subsequent moments we felt connected: The courtroom had become one of the most intimate places in the world. During the recesses, small groups of observers and witnesses would gather. We would share fragments of missed testimony. We would search for words or would simply stand together in the large, silent space of the hall, known as "The Room of Lost Steps."

Perhaps we began to grasp what crimes against humanity meant: the violation of a taboo that precluded all other taboos. "Where you are going worse than death," Barbie would tell his victims before deportation.

But if the full scope of crimes against humanity — dehumanization and genocide — defied comprehension, the mind also shrank from the knowledge that Barbie and others like him to this day still swear allegiance to the Nazi ideology.

That horrifying fact brought to mind the error of Kurt Waldheim's reception by Pope John Paul II at the Vatican and President Reagan's visit to the Nazi burial site at Bitburg, West Germany. We immediately became more keenly aware that political expediency can no longer be permitted to triumph over profound human suffering.

In Lyon, the witnesses and survivors, speaking in the absence of the murdered millions, had transferred to us all a terrible responsibility.

The writer reported on the Klaus Barbie trial for *Commonweal* magazine. This comment first appeared in *The New York Times*.

## Launching 'Star Wars' In the Dark

By Flora Lewis

NEW YORK — "Star Wars" managers have shifted their research in favor of a crash program for early deployment of a relatively unsophisticated, minimal missile defense, according to evidence dug out by congressional researchers.

This is a far cry from President Reagan's promise of an effective shield, and could make attaining an exotic space defense more distant and more difficult. It also suggests an attempt to conceal America's abandoning the anti-ballistic missile treaty before there is a real chance to negotiate a Soviet-U.S. strategic agreement.

Further, since there is not the slightest assurance that more advanced technology will be ready to replace a partial system by the time the Russians have the capacity to overwhelm make the United States more vulnerable.

The evidence was found after extensive investigation by Douglas Waller and James Bruce, aides to Senators William Proxmire and J. Bennett Johnston. They quote one scientist with the Strategic Defense Initiative Organization as saying that if follow-on technology is not available after early deployment, "you may well end up with a more debilitating situation than before."

Parts of the report are published in the June issue of *Arms Control Today*. The aides say they were told of a "highly classified project" developed a blueprint for near-term deployment and that "most members of Congress are being kept in the dark" about this program. Further, they report, "this recommendation is not a public announcement of a presidential decision," a tactical way of saying that they do not know if Mr. Reagan has formally approved it.

But they have the details, reflected in changes in research priorities, spending and contracts. They say:

"The near-term deployment of the SDIO has in mind for 1994-95, would have no laser or beam weapons, as are popularly associated with SDI; only a token deployment of space-based kinetic kill vehicles (non-nuclear homing projectiles) in the boost phase; no midcourse or endgame precision capability to speak of; and only 400-1,000 ground-based interceptors, produced on a hurry-up schedule, capable of destroying only a small fraction of the incoming warheads."

The space-based projectiles and ground-based interceptors are much closer to full development — "mature" in the jargon — than the exotic weaponry considered for the SDI program. They are, therefore, the only system that might be deployed in less than a decade. Even so, there are still some big technical problems and some obvious countermeasures that the Russians could develop.

"Committing to an early deployment of the conventional missile technologies prior to having the knowledge to make a development decision on the exotic technologies would be risky indeed," the researchers conclude. "Should we make a decision now to start the race, even though we are not certain whether survivable and effective second-generation defenses can be developed?"

The council of the American Physical Society, assessing the report of the high-level, highly qualified group of scientists that studied SDI prospects, warned against early deployment and said that "the SDI program should not be the controlling factor in U.S. security planning and the process of arms control."

But the shift to a crash effort appears aimed to make it exactly that: a fait accompli that would narrow the options of future administrations likely to have more knowledge of scientific prospects and Soviet responses.

And this approach can undermine the chances of moving from an offense-based to a defense-based nuclear strategy. The aides point out that budgets for basic research are being frozen or cut, and SDI money is being shovelled into what could be called fast-food technology.

They quote an SDI scientist as saying, "If you want to deploy an initial operational capability by 1995, you have to look at the technology you have now. . . . If you go to engineering development now, you can't expect to maintain a robust research program. There will be a big tendency to move ahead by selling your children."

The details are sketchy, though. But this behind-the-scenes manipulation of SDI budget priorities is not based on any new scientific information. It reflects a political will, the more ominous for the attempts to do it without explanations to Congress. There is an ideological imperative at work here. What a price it can exact, in national security as well as in dollars!

The New York Times

## The Hearings: Good Box Office, but Bad for America

By Raymond Price

NEW YORK — A visitor from Mars — or from Europe — who tuned in the Iran-contra hearings might well wonder what on earth is going on here. What is the purpose? Why is the United States being put through the wringer by all these sanctimonious and solemn members of the House and Senate, with their hundreds of staff aides and lawyers and investigators and press-release writers, not to mention the armies of jostling reporters and cameramen and technicians and producers?

Is it really to find out what went wrong in the Iran initiative and in the use of funds from it to keep Nicaragua's democratic resistance alive? If anyone believes that, I'll quote him a terrific price on the Brooklyn Bridge.

If Congress's real concern were to learn the facts, it would have had the inquiry conducted behind closed doors by a subcommittee. That is what you do if you are serious about substance. But if your aim is political theater and you think you have the makings of a hit daytime soap opera, you stage a television spectacular.

There are two answers to the question of why: opportunism and fear. Opportunism by the president's opponents in Congress, who see a vulnerability and are out to exploit it; fear by the administration itself and its congressional supporters that if they show any less public enthusiasm than the Democrats for "getting at the truth," whatever the cost, they will be pilloried by the heavy-breathing news media and die the political death of a thousand cameras.

The business of Congress is politics. In a television age, politics is public theater, and anything that can lure the cameras of every network to a congressional hearing room, preempt regular programming and dominate the evening news is box office gold. Anyone who forgets these propositions risks missing the essence of the Iran-contra hearings.

Setting aside the entertainment value, what are Americans as a nation getting out of these hearings?

They are getting the compromise of intelligence sources and methods. They are getting an information about America's characteristically obsessive capacity for self-immolation. They are getting dismay among allies, and an object lesson for anyone who might be tempted to cooperate with America on sensitive matters on why it is lethally hazardous even to consider doing so. They are getting the distraction of already overburdened policy makers from their primary duties for months on end.

They are also getting a sapping of the president's — and therefore the nation's — ability to deal with real, immediate crises from the Gulf to the trade wars, and with issues as crucial to the long-term future of the West as

the defense of Europe and arms negotiations with the Soviet Union.

And if the left succeeds in torpedoing the administration's efforts to keep the resistance in Nicaragua alive, there is a risk of losing Central America and of an aggressively expanding Soviet foothold on the mainland of the Western Hemisphere.

It is no coincidence that the Iran-contra issue became a congressional obsession almost the moment the Democrats regained control of the Senate in last year's elections.

Theoretical hearings designed to lay bare the sins of the executive branch occur when, and only when, one party controls Congress and another holds the White House. In recent decades, Congress has been essentially a Democratic fiefdom.

Thus, we have had such hearings in the Nixon and Ford administrations (in the Ford years, a grandstanding Senate committee virtually destroyed the Central Intelligence Agency as an effective instrument of U.S. policy), and in the last two years of the Reagan administration, but not in the Kennedy, Johnson or Carter administrations. Nor did we have them in the six Re-

publicans, the United States will have one arm tied behind its back in a deadly serious struggle in that no-man's-land between peace and war.

With Congress behaving the way it does, we need more shrouds, not fewer. It is not just a matter of preventing "disclosure" of sensitive information. It is a matter of preventing abuse and distortion — with armloads of documents woodshed up to Capitol Hill, sifted, sorted and then those tidbits that might be perfectly innocent in context but look appalling out of context selectively leaked to an eagerly waiting press. The process not only produces the intended political embarrassment, it chills discussion, erodes trust, works immense hardship on innocent individuals and causes diplomatic havoc.

The United States has got to learn to act like a great power. But as long as Congress keeps dragging America down into the muck of its petting quest for political advantage, it will not be able to act as the times require.

The writer was a principal speechwriter for President Richard Nixon, including during the Watergate hearings. He contributed this comment to *The New York Times*.

## To North, Defiance Means Compliance

By Tom Wicker

NEW YORK — Accepting the gift of an expensive security gate, for which he later submitted phony documentation, was "probably the grossest misjudgment I have made in my life," Lieutenant Colonel Oliver North told the select congressional committees.

It was gross all right, but the "grossest misjudgment"? No, that came when this military officer sworn to uphold the law decided that the president of the United States was above the law. Hence, as a member of the president's personal staff, the colonel also saw himself as above the law.

Colonel North believed all that when he concluded that the Boland amendment, duly passed by Congress and signed by Mr. Reagan, did not apply to the president or to his "personal staff." The amendment prohibited any entry of the government engaged in "intelligence activities" from using government funds to aid what the colonel likes to call the "democratic resistance" in Nicaragua.

(Never mind that the "democratic resistance" was organized by the CIA, has been supported primarily by U.S. funds and in Colonel North's own testimony could not survive without U.S. and other outside aid.)

The colonel also believed that Mr. Reagan was above the law that requires a signed presidential finding to

authorize a "covert operation" by an intelligence agency. Not, he concluded, if the operation was to be carried out by the president's personal staff.

He even believed that Mr. Reagan's executive order restoring the legal requirement that a presidential finding be issued for any covert operation. No such finding, of course, was ever issued or signed for the diversion of profits from the arms sales to Iran.

Believing that none of these restrictions applied to the president, Colonel North had no qualms at the time, and expressed none in his testimony, about lying and misrepresenting to Congress the covert activities of the National Security Council staff, about deceiving the American public, or about destroying documents that he could say he did not know might become evidence in a criminal prosecution.

As for the legal requirement that covert operations be reported to Congress, Colonel North, from his lofty perch in a White House he considered above the law, had no problem ignoring that. If he'd had his way, not a word would have been said to Congress about arms sales to Iran or covert funds for the "resistance."

But it was the Boland amendment

for which the colonel reserved his real scorn. It legislated bad public policy, in his view, and therefore posed a "problem" for what he regarded, with Mr. Reagan, as good public policy. So the problem had to be "gotten around" by those like himself who understood what good public policy really required. And it could be "gotten around" because it did not apply to the president or to his staff.

Not only could the "problem" of the Boland amendment be "gotten around"; Colonel North and the other covert operators, in doing so, actually would be observing the "letter and spirit" of the amendment. If they did not violate it — and they didn't think they did because they didn't think it applied to them — they were observing its "letter and spirit."

By such doublethink, the colonel insisted to the committees that raising funds from foreign governments and private citizens in lieu of congressional appropriations was complying with the "letter and spirit" of the Boland amendment. His action in taking intelligence from the CIA or the Defense Department, which were forbidden to give information to the contrary, and conveying it himself, also complied with "letter and spirit."

So did directing the "resistance" from the White House, and shredding documents relating to that effort before investigators could see them. So, too, was Colonel North complying when he provided historical inspiration and inside information to private donors who helped to arm the contra rebels above the law.

None of this was in defiance of Boland; it was just "getting around the problem" of Boland.

As Big Brother used to say in "Nineteen Eighty-Four," "War Is Peace." Colonel North now adds, "Defiance Is Compliance." Fortunately, his kind did not yet have Big Brother's power to make it stick.

The New York Times

## For the Saudis, the Oil Squeeze Is On

By Hobart Rowen

WASHINGTON — Since OPEC announced in August that it intended to resume its old tactic of holding back oil production, prices have jumped to around \$20 a barrel on the spot market, from less than \$10 at the low point last year.

The since-deposed Saudi oil minister, Ahmed Zaki Yamani, was then counseling a strategy of flooding the markets. His theory was that non-OPEC producers would be forced out of business and OPEC could ultimately resume higher pricing.

It did not work and Sheikh Yamani was fired. OPEC members then set a price target of \$18 a barrel and cut their output by about 20 percent last year. They agreed on a further 7 percent cut for the first quarter of 1987, with a ceiling of 15.8 million barrels a day.

According to the Morgan Guaranty Trust, the cartel members kept surprisingly close to the agreed quotas. Notably, the Saudis came in under quota in February and March, offsetting excess production by Iraq and some others.

OPEC has been able to maintain an \$18 a barrel benchmark target, while cautiously raising the third-quarter production ceiling to 16.6 million barrels a day.

But how long can the Saudis, their cash reserves dwindling, keep

this up? And how long can OPEC set world prices in the face of a huge capacity that exceeds demand?

The oil analyst Elyahu Kanovsky has argued for years that over the long term, oil is in constant danger of oversupply. Despite the recent price rise, he has not changed his mind. In simple terms, he notes, the OPEC countries need money.

At OPEC's June meeting in Vienna, Sheikh Yamani's successor, Sheikh Hisham Nazer, was congratulated by well-wishers for pushing prices up to \$18 by halving his country's production, according to *The Economist* of London.

"They did not point out," the article continued, "that he is thereby driving his country toward bankruptcy. The world's most astonishing debtor. If Saudi Arabia keeps on its present course all this year . . . it will earn no more than \$27 billion from its oil exports. As recently as 1981, it earned \$119 billion . . . . Arab oil could be asking the bankers for an overdraft by the end of 1988."

The Saudis are not likely to be in debt that soon. But in Saudi Arabia in February, nonoil government sources in and outside the oil indus-

try suggested to me that unless Sheikh Nazer could bring more revenue out of oil, the Saudis could become a major borrower. They have already been running down their monetary reserves.

Other OPEC countries also are in serious need of more oil revenue. Iraq, with a quota of 1.5 million barrels a day under the cartel agreement, is already producing 2.4 million barrels a day and is completing a second pipeline through Turkey.

Meanwhile, global oil consumption has risen far less than had been expected as a result of continued improvements in energy efficiency.

There has been a new surge of anxiety among Americans over increasing dependence on imported oil. One knee-jerk reaction calls for a duty on oil imports, the idea being that domestic production would be encouraged, while the higher resultant prices would cut consumption.

But a much cleaner way of achieving conservation would be a gasoline tax, which would also help cut the budget deficit. It is also time to do some other things: increase the fill-rate for the Strategic Petroleum Reserve; toughen standards for automobile mileage efficiency; and reverse the current backsliding on highway speed limits.

The Washington Post

## IN OUR PAGES, 75 AND 50 YEARS AGO

### 1912: Patriots Abroad

PARIS — [A reader writes:] Sebastopol, Russia, July 7. I am the only American and very few pass this way. I spent the Fourth of July without speaking a word of English except when I sang a song or just talked aloud in my room. I took one long chance as the clock struck midnight of the third and poked my six shooter out the window and blazed away. Then I jumped back in bed and waited for the police but none came. [Another reader asks:] Would some kind reader help poor thirsty Americans in Paris and tell us where we can get a refreshing American drink, soda water of some kind, without having to go into the bars, which is not proper for ladies alone. I only know of Fuller's, rue Daumou, and American biscuit shop, boulevard Malesherbes, where soda water can be had. Surely there must be more places than those.

### 1937: Gershwin Is Dead

NEW YORK — Funeral services for George Gershwin, composer, will be held here July 15. He died in Los Angeles (July 11). He was 38 after an operation for a brain tumor. Mrs. Morris Gershwin said she hoped to have her son's famous "Rhapsody in Blue" played during the service.

HOLLYWOOD — One of the funniest doubles matches in the history of lawn tennis has inaugurated the luxuriously appointed tennis club at Beverly Hills, of which Fred Perry and Ellsworth Vines are joint owners. Perry was partnered by Charlie Chaplin and Vines by one of the Marx brothers, Groucho. Perry and Chaplin defeated the Americans 6-1, 9-7. During one long rally between Perry and Vines, Groucho went up to the net and started a conversation with Chaplin. "Say, Charlie," he said, "can you lend me a magazine?"



## OPINION

## Coming Together to Deal With the Young and Poor

By A.M. Rosenthal

NEW YORK — From time to time many of the complexities, strains and emotions involved in a bedeviling national problem come together in one place. Something like that happened the other day at New York's City Hall.

It had to do with small children devastated by poverty. They are a whole new class of Americans: abused, abandoned, many illegitimate, often homeless and wandering, the antithesis of the country's concept of itself. It is a true crisis

## ON MY MIND

that affects not New York alone but every major city and many smaller ones. Twenty or so men and women of strong heart and mind came together in an early 19th century chamber of great elegance to talk about this late 20th century reality of great ugliness. After a while you could see that three separate approaches were being advocated, and that although in some ways they were in conflict, the solution probably resided in melding the three. It was a hearing called by Senator Daniel Patrick Moynihan as part of his subcommittee's work on the disaster called the welfare system.

Andrew Stein, president of the city council, acted as co-chairman, and before them appeared clergy, educators, leaders of organizations working for the poor and a member of one of New York's oldest families with something on his mind.

All through the meeting the statistics of the crisis kept coming up, over and over — dire, horrifying and inescapable. In New York alone, 40 percent of the children live below the poverty line, a way of saying usually undernourished.

Licensed day care is available for only one out of three children who need it, which means that 200,000 don't get it. And 80,000 New York children reported abused: beaten, abandoned, neglected.

Thousands of children across the country wandering from home to home, sometimes with their mothers, sometimes from

## Their Pay Is Too Low

THE working poor in America have increased by more than a third in the last decade. The principal cause is the low wage paid to the breadwinner. The poverty of 1.2 million families in which an adult works full-time throughout the year can be attributed to low wages. The poverty of others can be traced to family responsibilities that preclude full-time work by the principal wage earner. This is especially true for many of the 1.4 million working-poor, single-parent families. Policies to help the working poor are long overdue.

— Robert D. Reischauer, of the Brookings Institution, in the Los Angeles Times.

foster home to foster home, sometimes from welfare bench to welfare bench.

Ten-age pregnancy producing generations of American children who never have and never will experience the wholeness of family life. In New York alone, 13,800 ten-age pregnancies a year.

There were no "sides" because everybody was united by the sense of urgency and the desire to do something real. There were, however, the three threads of emphasis that ran through the hearing and the debate among those who care in New York, Washington and across the country.

For the most part, clergy and social workers saw the immediate needs as much more money for day care, for unwed mothers, for health care for children, for decent housing. They knew all the underlying causes but are dealing with day-to-day crises, and the message from most of them was help us get help, now.

Osborn Elliott, representing the Citizens Committee for New York City, spoke of his sense of outrage in the city that has been home to generations of Elliotts. He supported more government funding but his emphasis was on what the city's people could do themselves, through the thousands of neighborhood groups, organizing job opportunities for youngsters, creating networks of day care centers run by local communities and making it their business to stick with the kids, watch out for them, pay attention.

Senator Moynihan listened to everybody; he has heard it all before, but he has that wonderful talent of listening as if every speaker was breaking new ground. Yes, he would say, yes but:

But the welfare system is collapsing. But aid to dependent children was created in the '50s to give temporary help to widows, not to sustain an exploding population of children born into illegitimacy. But a great deal more money for services to the poor was not likely to be made available. And yes, but true legislative overhaul is needed.

Outlining that legislation, Senator Moynihan drew on a perception of social reality that once earned him only epithets — heartless, racist. Now some of those ideas are being spoken by black politicians and social scientists. Common ground grows between them and the senior senator from New York, whose resolute intellectuality plainly disqualifies him from higher office.

Society has a responsibility for child support, he said, but the first job rests with the parents, wed or unwed. Fathers must be made to contribute, able-bodied unwed mothers must work, as most wed mothers do. Job training and day care must be provided, but the obligation for the child is individual as well as social.

One meeting at one city hall, but part of a confrontation with the crisis of the very young and very poor.

The New York Times.



## Gibraltar: Rebuild Trust and Respect Democratic Rights

Regarding the opinion column "Gibraltar: The Anachronism Must End" (July 8) by Victor de la Serna:

Gibraltar is for Britain a matter of living, democratic principle and not, as Mr. de la Serna asserts, one that we treat with condescension or lack of interest.

The overwhelming majority of the people of Gibraltar have repeatedly stated that they wish to retain their links with Britain. We have therefore given them an assurance, enshrined in their constitution and repeated in the agreement we signed with Spain in 1984, that sovereignty will not be transferred except in accordance with their democratically expressed wishes. Spain, which has so triumphantly vindicated the power of democratic government, surely does not wish to set aside the democratic rights of the Gibraltarians.

That, unfortunately, is what lies at the heart of the various "solutions" that Spain has put forward so far. Each of these would in practice pre-empt the right of the Gibraltarians to choose whether they wish to be part of Britain or of Spain.

No one can expect the Gibraltarians to forget overnight the long years in which Franco closed their border with Spain. But, through the new framework provided by the European Community, Britain,

Spain and Gibraltar can work together on the long-term task of rebuilding trust and confidence. The opening of the frontier in 1985, the return of Spanish workers to Gibraltar, the development of links between the mainland and Gibraltar — all these have shown what can be achieved. It was therefore regrettable that, at the last minute, the Spanish government sought to exclude Gibraltar from the European Community's package of civil aviation reforms. As well as preventing more than 300 million Europeans from benefiting from greater competition between European airlines, the Spanish action can only have an adverse effect on Gibraltarian attitudes toward their neighbor and interrupt the healing process. Under European Community law, decisions of the community on civil aviation matters, among others, apply to Gibraltar.

What now needs to be done is to distinguish between Gibraltar's membership in the European Community — unequivocally set out in Article 227 of the Treaty of Rome and Article 28 of Britain's Treaty of Accession — and the bilateral process of discussion and cooperation between Spain and Britain, aimed, in the words of the 1984 Brussels agreement, "at overcoming all the dif-

## When Fish Turn Yellow and Birds Stay Away

By Kyle Jarrard

CHANIERS, France — The dozen or so jars of pears sit on the table, ready to be put away until winter. Last year there were two dozen; before that, usually three dozen. The man and woman who have been tending the orchard since the late 1960s say it is giving out, in a few years it will stop producing.

Granted, the orchard is old — how old no one can remember. In it remain about 25 scraggly cherry, plum, apple, peach and pear trees. The orchard has

## MEANWHILE

never been treated with insecticides. Insect-eating birds did the job. To keep fruit-eating birds away, an old black sweater was hung up on a high limb.

But the insects are winning now. The caretakers can recall species of birds that thrived on the insects but that have stopped nesting here. Just why is anyone's guess, but the caretakers think the answer lies down the hill at the river.

The valley of the Charente runs 360 kilometers (220 miles) from the Haute-Vienne department to the Atlantic. The river winds westward through a renowned wine-growing region. Here, 10 kilometers downstream from the city of Cognac and about 50 upstream from the sea, the low hills are covered with rows of vines and fields of sunflowers, wheat, corn, alfalfa and barley.

It was a healthy river that brought the birds, the caretakers say.

Fifteen years ago the Charente was relatively clean. Women washed clothes

in it, people bathed in it. The water rose and fell with the tides, which flushed pollutants out to sea. When the tide was out, springwater ran down the banks.

Now the river is more like a narrow lake. In the late 1960s a dam was built about 25 kilometers downstream at Saint-Savinien to control flooding, maintain a minimum water level for irrigation and supplement the drinking water supply for the area's towns.

The dam cut the river from the sea, stemming the tides. The water level here, scarcely rises and falls, even under a full moon. Gone are the days of seeing the river fill and empty in a few hours. There is a current in the middle, but along its banks the Charente barely moves.

Flooding is still a problem, even though the gates at the dam are kept open in the winter months. This seems to be due mainly to increased runoff as more land is cleared and roads are built, decreasing the amount of water absorbed into the ground. In the unusually rainy winter of 1982, the Charente surpassed its record level of 1904, swelling to three kilometers across in places and causing damage to homes and farms.

Irrigation has boosted farm output, but with greater use of pesticides. Nitrates, phosphates and mercury from chemical fertilizers and city wastewater are increasing steadily in the groundwater and in the river. Industrial spills, too, have occurred upriver in recent years. Once, a great

wash of cognac came past here, blanketing the surface with dead fish. Together, the various foreign elements have lowered the amount of dissolved oxygen in the water, upon which fish depend, in a choking process called eutrophication.

Algae are spreading, turning the river a deceptively beautiful emerald green, as are all sorts of other aquatic plants that thrive on pollutants. The authorities work at cutting growth in the shallows, but are losing the battle. The Charente is growing turbid with silt. Many of the springs that emerged in the banks flow more slowly, due to the mud and weeds, diminishing the infusion of fresh underground water.

Fishing is not what it used to be, though on any day you still see fishermen tramping around with their gear, or sitting on the bank for hours. They do catch fish, but fewer now. Some pike remain, scarred and spotted; the eternal eels seem to be surviving, but are light yellow in color instead of dark green. One species disappeared, while another has appeared — and some people wonder why. Likewise, a half-dozen sea gulls used to fly up the river to feed here; now you don't sight a gull a week.

I asked the mayor in the village about the river. His answer was a soulful nod. Talking to the hardworking farmers, you get incredulous stares. They change the subject. The problem is too big to solve.

The view seems to be that, yes, the river is looking dirty lately. If it gets worse, then we'll just stop fishing in it. We'll go somewhere else on Sunday.

International Herald Tribune.

## LETTERS TO THE EDITOR

ferences between them over Gibraltar.

As far as Britain is concerned, we stand ready to take part in urgent talks with Spain to find a way around the problems that emerged at the June meeting of transport ministers, and to take forward bilateral discussions with vigor.

P.J. ROBERTS,  
Press Counselor,  
Embassy of Britain, Paris.

Perhaps Britain should return Gibraltar to Spain, but surely not on the basis of Mr. de la Serna's arguments. One of these seems to be that the Utrecht treaty of 1713 is not valid because Spain was obliged to sign it as the weaker power. If this is a test of validity, then all treaties following the end of warfare should be scrapped, since they all tend to reflect the will of the victors.

Since Mr. de la Serna implies that the Utrecht treaty is invalid, why quibble about the ownership of a few extra hundred meters of land which the British apparently pinched over a period of 55 years? If the Spanish regimes were so impotent that they could not prevent this creeping annexation, small wonder that the residents of Gibraltar preferred to stay with the British crown.

J.T. BOHMANN,  
Meggen, Switzerland.

What is extraordinary is not the fact that Gibraltar remains British, but that its people remain solidly pro-British despite Spain's threatening and clumsy foreign policy toward the colony.

To state that this is due to economic well-being ignores the fact that Spain's closure of the land frontier from 1969 to 1982 hardened rather than softened the resolve of Gibraltarians despite the economic repercussions of that closure.

MARK ISOLA,  
Gibraltar.

## A Solution for Cambodia

The opinion column "Hot and Cold Hopes for Cambodia" (June 17) by Murray Hebert is an eye-opener and suggests a solution to the Cambodian conflict. Nguyen Van Linh, the leader of the Vietnamese Communist Party, has linked a withdrawal from Cambodia to "the elimination of the genocidal Pol Pot clique." No one can deny the atrocities committed by the Pol Pot regime from 1975 to 1978.

The UN Commission on Human Rights should investigate the Khmer Rouge massacres, after a Vietnamese withdrawal from Cambodia, and those found guilty — including those who have shifted their support to the Vietnamese-installed Heng Samrin regime.

or emigrated — should be brought to justice. They also should be excluded from participating in free elections.

Regarding the other condition, "the termination of all foreign intervention in the internal affairs of Cambodia," it could be achieved by adding the following in the next annual resolution of the UN General Assembly.

"Simultaneously, on the withdrawal of Vietnamese troops from Cambodia, and its replacement by the international peacekeeping force, China and Vietnam will withdraw their support from their protégé, namely Pol Pot's Khmer Rouge and the Vietnamese-installed Heng Samrin regime, and refrain from all forms of interference, direct or indirect, in the internal affairs of Cambodia."

Such a solution may bring peace to this unfortunate land, now soaked with blood and tears.

K.L. BINDRA,  
London.

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Netherlands Fl.	650	360	198	Fl. 1.21	Fl. 440
Norway* N.Kr.	1,800	990	540	N.Kr. 3.05	N.Kr. 1,110
Portugal Esc.	22,000	12,000	6,600	Esc. 64.56	Esc. 23,500
Spain* Ptas.	29,000	16,000	8,800	Ptas. 55.33	Ptas. 20,140
Sweden* S.Kr.	1,800	990	540	S.Kr. 3.05	S.Kr. 1,110
Switzerland S.Fr.	510	280	154	S.Fr. 1.10	S.Fr. 400
Rest of Europe, North Africa, former French Africa, Middle East \$	430	230	125	Varies by country	
Rest of Africa, Gulf States, Asia: \$	580	320	175		

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## Key NATO General Supports Proposal for French-German Unit

By Peter Maass

BRUSSELS — A top NATO general has described the proposed formation of a French-West German military unit as a "symbolic action" that should draw the two nations closer to the alliance rather than lead them away from it.

General Wolfgang Altenburg, chairman of the Military Committee of the North Atlantic Treaty Organization, gave a qualified endorsement of the proposal in an interview. His remarks, on behalf of NATO's chiefs of staff, give a boost to closer military links between West Germany and France.

General Altenburg was chief of staff of West Germany's armed forces from 1983 until 1986.

"It's a symbolic action to improve and further foster German-French relations," the general said. But he warned that the brigade proposal "should be seen within the alliance, not against the alliance."

"I don't see this building up to a degree where it would in any way hamper" the West German commitment to NATO, he said.

The comments by the general come as Bonn and Paris have been moving to step up defense cooperation, partly because of a perceived drop in the U.S. commitment to defend Western Europe. France, although a member of NATO, is not in the alliance's integrated military structure.

General Altenburg also played down talk of a rise in U.S. isolationism, although he said Washington might withdraw a small number of troops from Europe in the next decade.

He said such a cutback would not be substantial, however, since that "would be disadvantageous for the United States."

The general also expressed doubts about the protection Western Europe would get from the Strategic Defense Initiative, the U.S. plan for a space-based missile defense.

General Altenburg argues that NATO needs to improve its conventional defenses if its nuclear deterrent is scaled back, but he does not suggest that the alliance's weaknesses in conventional weapons are fatal.

"I do not think that under the present circumstances the Soviets would be willing to get involved in the risks that we create for them with our conventional defense," he said. "But I want to make sure the risks are big enough."

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## Protests in Soviet Signal Glasnost Turning Point

By Gary Lee

MOSCOW — A burst of demonstrations here last week by groups representing some of the disgruntled and outcast of the Soviet Union has signaled an important turn in Mikhail S. Gorbachev's policy of glasnost, or openness.

Until recently, signs of openness were limited to exposes and criticism in some official newspapers and to movies and plays that dealt with topics once considered taboo in the Soviet Union, such as the abuses of power under Stalin.

But as Soviet dissenters heighten their profile with everything from private gatherings to demonstrations near the doorsteps of the Kremlin, so do their opponents, with the Moscow police using force and some officials using legal loopholes and other tactics to control dissident activity.

## PARTY:

### Timid on Reagan

(Continued from Page 1)

"Loyalty to this president is something to be proud of," asserted Democratic critics of the Bork nomination. He also said that a key focus of his campaign would be "a renewed emphasis on education."

The bluntest critic of Mr. Reagan was his former secretary of state, Alexander M. Haig Jr.

He had told a quiet and half-empty auditorium on Thursday that the Republican Party was "a party in some trouble." He added: "We shouldn't delude ourselves about that. We are a party that's had a very bad year."

The Reverend Pat Robertson, the television evangelist, refrained from criticizing Mr. Reagan and said that the Iran-contra affair and the congressional inquiry was "much ado about nothing."

"In my estimation," he said, "the scandal is that the Democratic-controlled Congress and the liberal media don't want to lift a finger to control Communist aggression in the Western Hemisphere."

## Purged China Physicist Is Told to Reject Politics

The Associated Press

BEIJING — Fang Lizhi, a prominent astrophysicist who was expelled from the Communist Party in January for championing freedoms, is better off not becoming involved in politics, the president of the Chinese Academy of Sciences, Zhou Guangzhao, said.

Mr. Fang became a hero to students who demonstrated in December and January in more than a dozen cities to press for freedoms.

## New Incident Could Widen Rift Between Iran, France

By Thomas Netter

International Herald Tribune

GENEVA — An Iranian diplomat, who the Iranian authorities said was beaten by French border policemen, left a Geneva hospital Monday after treatment for minor injuries.

The incident, which occurred at the Geneva airport on Saturday, could deepen a controversy that has already sent French-Iranian relations to their lowest point since the Iranian revolution in 1979.

French and Iranian sources gave conflicting accounts of the airport episode, involving Mohsen Aminzadeh, 28, an official at the Iranian Embassy in Paris.

Mr. Aminzadeh was in the French sector of the airport when the incident occurred, officials said. The airport straddles the Swiss-French border.

According to the Iranian news agency IRNA, French border policemen beat Mr. Aminzadeh and took his diplomatic papers after he left the airport's customs area. IRNA gave no reason for the alleged attack.

Iranian officials were quoted as saying the incident represented a "blatant" violation of international relations.

The French news agency Agence France-Presse, quoting an "official source" in Geneva, reported that Mr. Aminzadeh declined to allow French border guards to examine his hand baggage, fell to the floor of the airport and began striking the floor with his head. French officials refused to confirm that account.

A Swiss Foreign Office spokesman in Bern, Lorenz Schneider von Wartensee, said Mr. Aminzadeh was taken to Geneva's Cantonal Hospital by ambulance.

He was treated and released Saturday night, according to a hospital spokesman, but returned on Sunday with a request from a doctor that he be re-admitted.

Hospital officials described the injuries to Mr. Aminzadeh as "minor," including bruises on his forehead. Mr. Aminzadeh's destination after leaving the hospital was not immediately known.

The incident occurred in the midst of a diplomatic standoff in which Prime Minister Jacques Chirac of France has warned that he might sever diplomatic relations with Iran.

That dispute stems from the refusal of the Iranian Embassy in Paris to allow Wahid Ghorji, one of its employees, to be questioned in connection with a French investigation of a series of bombings in Paris in September. The bombings killed 13 persons.

In an interview with the French newspaper Le Monde, Mr. Chirac warned that France would resort to all means necessary, including a break in relations, if Mr. Ghorji were not allowed to be questioned.

The shift of protests from the letters columns of official organs of glasnost to the streets, and from private meetings to open forums, suggests that the policy has broad appeal and that some citizens are growing bolder in using it to push their causes.

In interviews last week, Hare Krishna adherents and former political prisoners acknowledged that they are taking public actions they would have avoided a few months ago.

"Even under glasnost, the areas in which public conversation and criticism are allowed have certain limits," said Lev Timofeyev, a former political prisoner and chief organizer of the Glasnost club.

"We're trying to use the rights the policy of glasnost gives us to expand those limits."

One Hare Krishna follower who participated in a demonstration in the Sportivnaya section of Moscow said, "It's true that we feel freer to demonstrate because of the official positions supporting glasnost and democratization." The sect has been banned by the Soviet authorities and about 25 of its members are in prison.

Protesters say they have been supported by a number of official actions, such as the law passed by the Supreme Soviet last week calling for widespread public discussion of political issues.

There is an official move afoot to limit the spread of glasnost, however.

Early in May, according to the Communist youth newspaper, Komsomolskaya Pravda, the Moscow police broke up a gathering of Soviet youths, who were compared to American hippies of the 1960s.

The article said that while the young people lay in the road to protest, the police began "roughly pushing" them into patrol cars, and one youth ended up in the hospital with a broken nose.

In West Germany, however, Mr. Kohl's government has favored following up on the prospective intermediate-range accord with talks on

short-range weapons, or those under the 300-mile (485-kilometer) range.

France and Britain, differing sharply with the Germans, have objected to this idea because, officials in Paris said, such negotiations could lead to Soviet demands for reductions in the French and British nuclear arsenals as well.

Against this background of competing national concerns, Mr. Kohl proposed June 19 that France and West Germany form a joint brigade of soldiers as a symbol of their determination to work together for European defense.

The idea of young French and German men training and living together, sharing languages and equipment, elicited favorable comment in both countries, which are scheduled to conduct joint military exercises in September.

President Francois Mitterrand, while stopping short of rejecting the idea, has emphasized practical difficulties and historical obstacles to a joint brigade. Germany and

France have fought each other in three wars since 1870.

Defense Minister Andre Girard of France said last week that such a brigade would have to stay out of the NATO command structure and come under protection of French nuclear arms.

"The brigade is a real possibility that has mostly symbolic value, but symbols are important in this kind of thing," commented another French official.

Mr. Kohl's proposal came in reaction to a more sweeping idea from Alfred Dregger, a prominent West German Christian Democrat.

He said Europe should create its own security arrangements, with Germany broadening its nuclear umbrella to cover West Germany. This suggestion reflected resentment among conservative West Germans about the Reagan administration's eagerness to conclude an agreement on all medium-range missiles in the face of European and particularly West German reservations.

Despite NATO's acquiescence, a French official said, reservations were strong in Britain, France and West Germany about the wisdom of removing shorter-range intermediate-range missiles.

The Socialist former prime minister of France, Laurent Fabius, at about the same time also urged France to think about extending its nuclear protection to West Germany. But other French and German officials quickly pointed out the difficulty of doing so while France remained outside the NATO command and West Germany remained a key element within it.



## Experts See Little Chance of Criminal Convictions Against North

By Philip Shenon

New York Times Service

WASHINGTON — Federal law-enforcement officials and prominent defense lawyers say the special prosecutor in the Iran-contra affair could find it difficult and perhaps impossible to obtain criminal convictions against Lieutenant Colonel Oliver L. North and several other principals in the case.

They said the problems confronting the prosecutor, Lawrence E. Walsh, were highlighted by Colonel North's congressional testimony, which continued Monday.

His bravura performance, they said, proved he would be a formidable witness at a trial.

Several defense lawyers said Colonel North's testimony that he was working with the president's authority could be as effective with a jury as it appears to have been with some lawmakers and the public.

Thomas P. Puccio, a former Justice Department prosecutor who is a criminal defense lawyer in New York, said the colonel's testimony was "brilliant, a tour de force." He added: "At least in terms of protecting North, I'd suggest Walsh pack up his bags and go home."

Law-enforcement officials and defense lawyers interviewed did not agree on the outcome of the special prosecutor's investigation. But by all accounts, Colonel North was a focus, perhaps the central

focus, of Mr. Walsh's investigation. The colonel's own lawyers said he was a likely target for criminal charges.

However, Gail Alexander, a spokesman for Mr. Walsh, acknowledged there were "very serious problems" with the investigation.

Mr. Walsh is believed to be preparing prosecutions based on a broad conspiracy to violate federal laws. Lawyers say jurors may be confused by a case that appears to be so complicated and arcane.

Moreover, Mr. Walsh has warned for months that his investigation would be hampered by the decision of Congress to grant limited immunity to Colonel North and

other witnesses in exchange for their testimony.

"I would think the average juror would find it very hard to convict someone like Colonel North," said James Bierkower, a Washington lawyer. "He appears to be a good officer who was following orders from the president of the United States."

Colonel North's testimony might also be expected to aid other key participants in the Iran-contra affair, such as Richard V. Secord, a retired air force major general, and Albert Hakim, an Iranian-born businessman. In a conspiracy case, Colonel North and others would probably be tried together.

Some lawyers said Colonel North's testimony might well convince a jury that he believed he was acting within the law, in the best interests of the country and at the direction of President Ronald Reagan.

Mr. Walsh is considering charging Colonel North and others with conspiracy to violate a range of federal laws, including statutes designed to limit aid to the Contras and prevent misuse of government funds. Law-enforcement officials and others said that might be a very difficult case to prosecute.

Prosecutors have also hinted that they may seek indictments based on more clear-cut crimes, such as obstruction of justice.

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Some lawyers said Colonel North's testimony might well convince a jury that he believed he was acting within the law, in the best interests of the country and at the direction of President Ronald Reagan.

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## Fans in Madrid Pelt Bullfighter

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## ARTS / LEISURE

# Have Vuitton, Champagne, Perfume - Will Travel

Since he came to power in 1976, Racamier has changed Vuitton from a prestigious but quiet, 132-year-old artisanal family business into a luxury multinational.

International Herald Tribune

PARIS — At 74, the tall and elegant Henry Racamier, president of Louis Vuitton, has finely chiseled features and the easy, urbane optimism that comes with success. Yet none of his professional life was spent at Vuitton, which he joined at retirement age. His only link to the firm was his marriage to Odile Vuitton, great-granddaughter of the founder, Louis.

A steel executive, Racamier sold his company, Stinox, and joined Vuitton 11 years ago, bringing in new, aggressive management and American-style business techniques.

For Racamier, it sounds like a piece of cake. "Yes, I did come to the business a bit late. It was a question of circumstances. At the death of my father-in-law, Gaston Vuitton, in 1970, the business needed being taken in hand. He was the total boss. The family called on an American consultant. Then little by little, I was asked to help."

Since he came to power in 1976, Racamier has changed Vuitton from a prestigious but quiet, 132-year-old artisanal family business into a luxury multinational that he put on Paris and New York stock exchanges in 1984. The family still retains 65 percent of the shares. Racamier, who saw the untapped potential of the name, started expanding all over the world.

"I found the best way to keep your public image was if you were the boss from the retail point," he said. "When we started, we had a superb name, an international reputation, but we were a small company. The name wasn't really used fully. We developed a retail network through stores which we control financially. We created new factories at the rate of one a year to feed all these new stores."

In 1977, Louis Vuitton had two stores; today there are eight factories, including one in the United States, 80 stores world-wide, including 20 in the United States, and 1,800 employees. Annual sales have grown from \$18 million in 1977 to \$300 million in 1986.

"In our luxury business, the idea was to maintain quality," Racamier said. "The most difficult thing was to train new workers."

But Racamier's claim to fame is that he has become an impressive corporate raider. Last June, Louis

HEBE DORSEY

Vuitton merged with Moët-Hennessy into an ultra-luxury empire in a transaction valued at \$4.1 billion. Last November, Vuitton acquired Veuve Clicquot, makers of champagne and perfumes, for \$750 million — a move rated as France's fourth largest takeover — and it has a 15-percent stake in Guerlain perfumes. Another acquisition is Loewe, the Spanish leather company.

"The world economy looks at the United States as a beacon," Racamier said, explaining this sudden appetite for takeovers. "What happens in the United States inevitably happens in France. The challenge for France's economy and industry is to re-invent old companies. France's financial system was too sluggish. France has started to deregulate its banks and put through other financial reforms to make this country more competitive with Britain and the United States."

"We try to avoid hostile takeovers," he added. "In America, it's turned into 'Dallas.' In France, we try to make deals with real economic substance." Of his merger with Moët-Hennessy, Racamier said: "We've re-organized by setting up

a holding company with two subsidiaries, one for Louis Vuitton and one for Moët-Hennessy. Each has its own personality and each will develop separately. But now, there is strategic coordination. The group has gained in scale. In fact, we're now the world's largest company in luxury goods. Vuitton now has a stake in wines and spirits which we didn't have before and Moët gets a luggage line."

What next? Givenchy couture, a logical move since Givenchy perfumes belong to Veuve Clicquot. "We're trying to buy the couture Givenchy," Racamier said. "I have great admiration for Mr. de Givenchy. He is a great designer and a gentleman." Whether negotiations will be completed before the next couture collection at the end of July is hard to tell. "It could take weeks and it could take days," Racamier said.

Through it all, the company created by Louis Vuitton, a sturdy man who reportedly walked all the way from his native Jura mountains to Paris, has not lost its creative edge. A major move was achieved in 1983 by the introduction of a new streamlined, minimalist line of luggage, "Challenge," after the challenger races for the 1983 America's Cup, of which Vuitton was a sponsor. A new and very successful line called "Epi," featuring vibrant colors, has also been launched recently. Last June, Louis Vuitton made a donation to the Musée des Arts Décoratifs for a travel retrospective called "L'Invitation au voyage," on until Aug. 30.

"Vuitton, which has filled all kinds of custom-made orders, including in 1869 trunks with trays for carrying fresh fruit for the Sultan of Egypt, still takes special and very elegant orders. The latest one? A travel caviar case."



## Fine Words, Awful Building

By Paul Goldberger  
New York Times Service

HOUSTON — For some years this city has been American architecture's best weather-vane — the place that shows, at least so far as commercial design is concerned, which way the wind is blowing.

The collapse of the oil business has not changed Houston's attitude toward architecture. If two recently completed downtown projects are any indication, Houston still believes in razzle-dazzle; its new office towers may be largely empty during this downturn in the oil economy, but its skyline remains a monument to the notion of architecture as built enthusiasm.

This is surely the case with the latest tower to be built in the center of this city, a 53-story skyscraper called Heritage Plaza, designed by the firm of M. Nasr & Partners. Heritage Plaza sums up virtually everything wrong with American skyscraper architecture today.

Heritage Plaza has a glass and granite base, a reflective glass middle, and an exceptionally ornate granite top. The granite top looks as if it were pushing its way out of the glass midsection, in the manner of a hand creeping out of a sheet in some sort of grotesque Hollywood special effect. This is really two buildings, a glass one and a granite one, and they have nothing to do with each other.

The press releases about the building speak of the "postmodern style, using classic elements and themes in a modern context." Fine words, dreadful building. Postmodernism has yielded plenty of good works, many of which are in Houston, as well as plenty of mediocre ones. If this movement has had any goal, it has not been to make discordance or to turn architecture into a free-for-all, but to bring us back to certain fundamentals about architecture that orthodox modernism's rigid dogma had ignored. At its best, postmodernism is concerned with the sensual aspects of building as well as the cerebral ones, with the relationship of ornament and decoration to whole structures, with the relationship of buildings to each other and to the city in which they are set.

Oddly, there is something more pleasing about another less-than-distinguished addition to downtown Houston, the Wortham Center, the city's new performing-arts center. Designed by Morris-Aubrey Architects (now known as Morris Architects), this huge brick building happens to be a cautious classicist; its facade has a huge entry arch, rimmed in a five-part granite molding, along with blind oversize oculi,

or round windows, covered in brick, more arches and various thin, horizontal brick moldings. It is cautious because it is a bit too stripped-down, too simple; it seems to want to be something more refined than it is. The building does have a wonderful kind of oomph that is just right for Houston.

Sitting back behind a formal plaza, the Wortham Center clearly has the air of a traditional civic building, and that, too, is something in its favor, though this structure is also very much a theater for the automobile age, with one entrance off a covered motorway. Coping with cars, of course, remains the curse of downtown Houston, and it is as severe now as ever.

In the end, the Wortham Center, for better or worse, tells us more about Houston than it does about architecture in general. With Heritage Plaza, however, the meaning is broader. This skyscraper with a split identity does remind us that Houston, now as before, is where we can most easily take the temperature of U.S. commercial architecture. It stands as a symbol of the confused architectural ambitions of this moment, not only in Houston but everywhere.

### In Frankfurt/Wiesbaden, your preferred choice is Hotel Nassauer Hof

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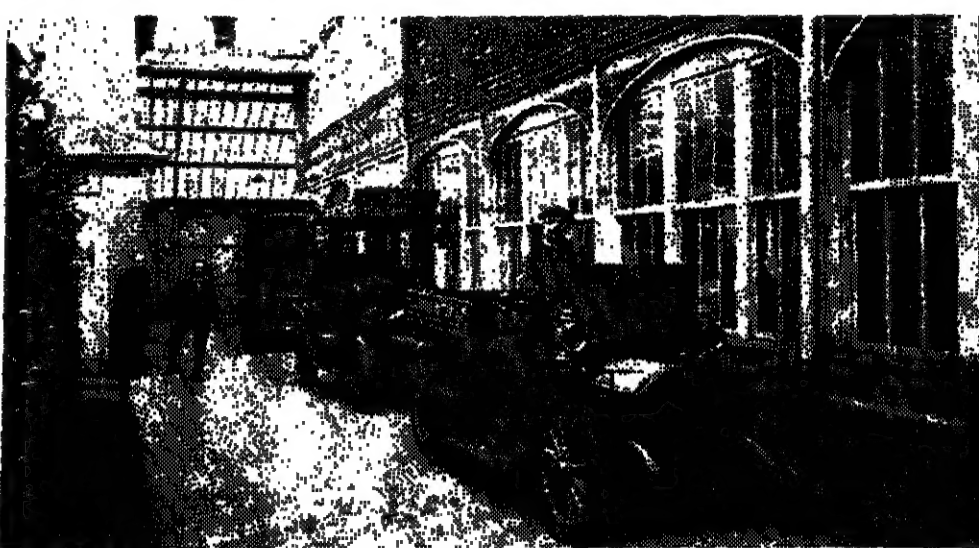
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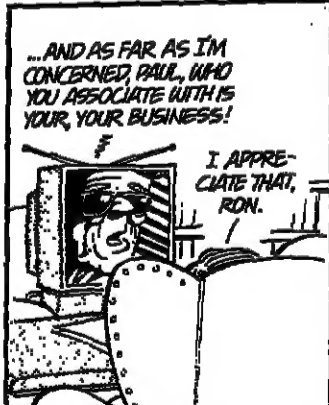


Racamier, (above): an appetite for takeovers; (left) the art of traveling heavy, ancient and modern, from the Vuitton archives.



Delivery vans leaving the old Vuitton factory in the 1930s.

### DOONESBURY



## Purcell Nightmare

By William Weaver

FLORENCE — The 50th Maggio Musicale, almost two months of music and dance, debate and art shows, has presented a rich program, as always, and as always there have been ups and downs. The concluding production, of Purcell's "Fairy Queen," has to be classified, for the most part, among the latter.

A staging of "Fairy Queen" in the enchanted Boboli Gardens, looked on paper like a great idea. And Luca Ronconi, the director, though he has lately churned out a number of gimmicky and tedious versions of operas, is still remembered for his musical theater work based on Ariosto's "Orlando Furioso," akin to the Renaissance world of Shakespeare's "Midsummer Night's Dream," which is the inspiration for Purcell's music.

But, as it turned out, Ronconi relied on his cheap tricks, and the "Dream" became closer to a nightmare. Having decided on the charming early-19th-century Italian translation of the "Dream" by Michele Leon, the director then chose a remarkably inelegant bunch of actors, encouraged them to ham and brawl, and he ineptly mixed all the voices, so that while you saw bodies moving, the voices remained fixed, all from the same source. At times, it was hard to tell who was speaking. And, along with all this, there were rasps and rustles, thumps and scratches, suggesting some of the funnier moments of "Singin' in the Rain." Except that it was not funny.

The gardens, refreshed by an afternoon rain, were at their loveliest, and made the scenic elements (some fake statuary by Luciano Damiani wheeled in from time to time) look tasteful and intrusive.

Purcell's music is sublime, but — compared with the spoken text — it is skimpy. Here it was well performed: knowingly and elegantly conducted by Roger Norrington, sung by such stylish artists as Jill Gomez, Malvyn Davies and Lesley Garrett. But their efforts were inevitably overshadowed by the aggressive, cumbersome staging.

To add to the spectator's physical discomfort — the square of foam rubber distributed to each member of the audience was an inadequate buffer against the hard bleachers — an array of photographers, some with walkie-talkies, swarmed everywhere, arrogantly clicking and whining. After three acts, at midnight, faced with a 40-minute intermission and two more acts, this reporter admitted defeat and headed for a more peaceful garden.

William Weaver is a writer and translator who lives in Italy.



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Traders said those investors who took profits early in the session did so because they believed the market, which is at near-record levels, is vulnerable to a setback.

Analysts said volume Monday was subdued partly because investors were waiting for the government's report Wednesday on the May trade deficit and for IBM's earnings report Tuesday. Expectations that the computer giant's profits may be higher than first anticipated sent IBM up 2 1/4 to 169 1/2 Monday.

"As IBM goes, very often so goes the market," said Alan Ackerman, senior vice president of Gruntal & Co.

AT&T was the most active NYSE-listed issue, unchanged at 29 1/4.

Pacific Lighting followed, slipping 1/4 to 53 1/4.

IBM was third, with its 2 1/4-point advance leading the technology sector higher. Digital Equipment rose 4 1/4 to 163 1/4, Cray Research jumped 2 1/4 to 100, Honeywell climbed 2 1/4 to 123 1/4, Compaq Computer rose 1/4 to 44 1/4. Telecommunications added 3/4 to 60 1/4.

Among autos, General Motors drove ahead 1 1/4 to 83 1/4, Ford jumped 1 1/4 to 103 1/4 and Chrysler added 3/4 to 36 1/4.

Texaco fell 1/4 to 44. Robert Holmes & Narver revealed Friday that he has raised his stake in the company to 9.5 percent from 7.4 percent but there was skepticism about published reports that he might increase his portion to 15 percent.

The rest of the oil sector also saw profit-taking. Exxon slipped 3/4 to 93 1/4, Mobil lost 1/4 to 1 1/4, Royal Dutch slipped 1 1/4 to 127 1/4 and Occidental Petroleum slid 1/4 to 37 1/4.

Caterpillar Inc. jumped 1 1/4 to 59 1/4.

[illegible]

City	State	Year	Population	Area	Density	Notes
Albany	N.Y.	1900	15,000	1.5	10,000	
Albany	N.Y.	1910	18,000	1.5	12,000	
Albany	N.Y.	1920	22,000	1.5	14,000	
Albany	N.Y.	1930	25,000	1.5	16,000	
Albany	N.Y.	1940	28,000	1.5	18,000	
Albany	N.Y.	1950	32,000	1.5	21,000	
Albany	N.Y.	1960	35,000	1.5	23,000	
Albany	N.Y.	1970	38,000	1.5	25,000	
Albany	N.Y.	1980	42,000	1.5	28,000	
Albany	N.Y.	1990	45,000	1.5	30,000	
Albany	N.Y.	2000	48,000	1.5	32,000	
Albany	N.Y.	2010	52,000	1.5	35,000	
Albany	N.Y.	2020	55,000	1.5	37,000	
Albany	N.Y.	2030	58,000	1.5	40,000	
Albany	N.Y.	2040	62,000	1.5	42,000	
Albany	N.Y.	2050	65,000	1.5	45,000	
Albany	N.Y.	2060	68,000	1.5	47,000	
Albany	N.Y.	2070	72,000	1.5	50,000	
Albany	N.Y.	2080	75,000	1.5	52,000	
Albany	N.Y.	2090	78,000	1.5	55,000	
Albany	N.Y.	2100	82,000	1.5	57,000	
Albany	N.Y.	2110	85,000	1.5	60,000	
Albany	N.Y.	2120	88,000	1.5	62,000	
Albany	N.Y.	2130	92,000	1.5	65,000	
Albany	N.Y.	2140	95,000	1.5	67,000	
Albany	N.Y.	2150	98,000	1.5	70,000	
Albany	N.Y.	2160	102,000	1.5	72,000	
Albany	N.Y.	2170	105,000	1.5	75,000	
Albany	N.Y.	2180	108,000	1.5	77,000	
Albany	N.Y.	2190	112,000	1.5	80,000	
Albany	N.Y.	2200	115,000	1.5	82,000	
Albany	N.Y.	2210	118,000	1.5	85,000	
Albany	N.Y.	2220	122,000	1.5	87,000	
Albany	N.Y.	2230	125,000	1.5	90,000	
Albany	N.Y.	2240	128,000	1.5	92,000	
Albany	N.Y.	2250	132,000	1.5	95,000	
Albany	N.Y.	2260	135,000	1.5	97,000	
Albany	N.Y.	2270	138,000	1.5	100,000	
Albany	N.Y.	2280	142,000	1.5	102,000	
Albany	N.Y.	2290	145,000	1.5	105,000	
Albany	N.Y.	2300	148,000	1.5	107,000	
Albany	N.Y.	2310	152,000	1.5	110,000	
Albany	N.Y.	2320	155,000	1.5	112,000	
Albany	N.Y.	2330	158,000	1.5	115,000	
Albany	N.Y.	2340	162,000	1.5	117,000	
Albany	N.Y.	2350	165,000	1.5	120,000	
Albany	N.Y.	2360	168,000	1.5	122,000	
Albany	N.Y.	2370	172,000	1.5	125,000	
Albany	N.Y.	2380	175,000	1.5	127,000	
Albany	N.Y.	2390	178,000	1.5	130,000	
Albany	N.Y.	2400	182,000	1.5	132,000	
Albany	N.Y.	2410	185,000	1.5	135,000	
Albany	N.Y.	2420	188,000	1.5	137,000	
Albany	N.Y.	2430	192,000	1.5	140,000	
Albany	N.Y.	2440	195,000	1.5	142,000	
Albany	N.Y.	2450	198,000	1.5	145,000	



**TUESDAY, JULY 14, 1987**

By PATRICK L. SMITH

For information, please write to  
Audemars Piguet & Cie S.A., 1348 Le Brassus, Switzerland







## Chase, First Chicago Post Big Losses

Compiled by Our Staff From Dispatches  
NEW YORK — Chase Manhattan Corp. and First Chicago Corp. reported sharp second-quarter losses Monday, reflecting the expected impact of major banks' decisions to increase loan-loss reserves against shaky Third World loans.

Chase Manhattan, the third-largest U.S. bank holding company, reported a loss of \$1.4 billion in the three months that ended June 30. During the corresponding period of a year earlier, Chase reported earnings of \$145.7 million, or \$1.65 a share.

For the first six months of 1987 Chase said it had a consolidated net loss of \$1.3 billion, compared with net income of \$289 million, or \$3.28 a share, in 1986.

First Chicago, the 11th-largest U.S. bank holding company, reported a second-quarter net loss of \$69.3 million, compared with net income of \$63.6 million, or \$1.08 a share, in 1986.

For the first half of this year First Chicago reported a loss of

\$633.32 million, compared with net income of \$126.65 million, or \$2.14 a share, in 1986.

Both companies, among the many major U.S. banks to recognize their vulnerability with many loans to less-developed countries, had said they would suffer large quarterly losses because of increases in their loan-loss reserves.

The banks cited the decision by

First Chicago added \$800 million to its reserve. It said that without the move it would have earned 90 cents a share.

Meantime, National Westminster Bank USA reported a net loss for the second quarter of \$203.3 million because of an addition of \$220 million to its reserve against developing-country loans.

Excluding the impact of the special provisions, NatWest USA said it would have earned a net \$16.7 million compared with \$17.4 million in the second quarter of 1986.

In the first half of this year, NatWest USA had a loss of \$185.6 million. Without the provision it would have earned \$34.4 million, up from \$32.7 million in first-half 1986.

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## UBS Considers Settling for 60% Of Hill Samuel

REUTERS

ZURICH — Union Bank of Switzerland may be willing to settle for a stake of about 60 percent in the British merchant bank Hill Samuel Group PLC, the Swiss bank's chief executive-designate has said.

"We could presumably content ourselves with 60 percent, but in any case we want control," Robert Stiller said last week in a weekend interview.

Hill Samuel said last week it was in talks with Union Bank.

Mr. Stiller said Union Bank hoped that its eventual valuation of Hill Samuel would be accepted as fair by the British bank's board.

"If another bank wants to forestall us and makes an offer that we think is not too expensive, we will certainly not follow suit," he added.

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## American Air Seeks Europe Computer Link

REUTERS

NEW YORK — American Airlines has offered a group of European airlines a model of its Sabre computer reservation system in a deal similar to that concluded last week by United Airlines with three European carriers, according to officials close to the airline industry.

American wants to be part owner of the system, however, and the airlines object, the officials said.

The offer was made to the group known as Amadeus: Air France, Lufthansa German Airlines, Iberia Air Lines and Scandinavian Airlines System, the officials said.

In Dallas, a spokesman for AMR Corp., American's parent, confirmed Monday that the carrier was negotiating with the Amadeus group but declined to say whether the Europeans objected to American's interest in owning part of the system.

Robert Jockisch, airline analyst for Shearson Lehman Brothers Inc., said the United arrangement would put great pressure on the Amadeus group to find some way

to come to terms with American. United and the three airlines said they were ready to form a partnership and invest \$120 million for a model of United's Apollo information and reservation system to begin operating in Europe next year.

United is receiving an equity interest and will share in profits once its system is operating. Its partners are British Airways, Swissair and KLM Royal Dutch Airlines.

The introduction of more sophisticated technology would greatly enhance the capabilities of travel agencies in Europe. Many of the 30,000 European agencies do not have computer reservation systems.

The European systems would help agents in the United States as well. Most U.S. agents subscribe to either Apollo or Sabre. Since the European systems would be linked to their American counterparts, U.S. agents would have better European information.

The Amadeus group has also negotiated with Texas Air Corp. about adapting its System One for Europe. An official close to the industry said Texas Air was willing to accept Amadeus's condition that it build the system but not become a partner or have an equity interest.

The official said, however, that the Amadeus group considered System One less desirable than American's Sabre.

The Amadeus group is expected to decide next week on which system to use.

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## Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month Stock Div. Yld. PE 52-Week High Low

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month Stock Div. Yld. PE 52-Week High Low

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12 Month Stock Div. Yld. PE 52-Week High Low



# Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

72 Month	High	Low	Stock	Div.	Yld.	PE	52 Wk High	Low	Open	Close	Chg.
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00

72 Month	High	Low	Stock	Div.	Yld.	PE	52 Wk High	Low	Open	Close	Chg.
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00

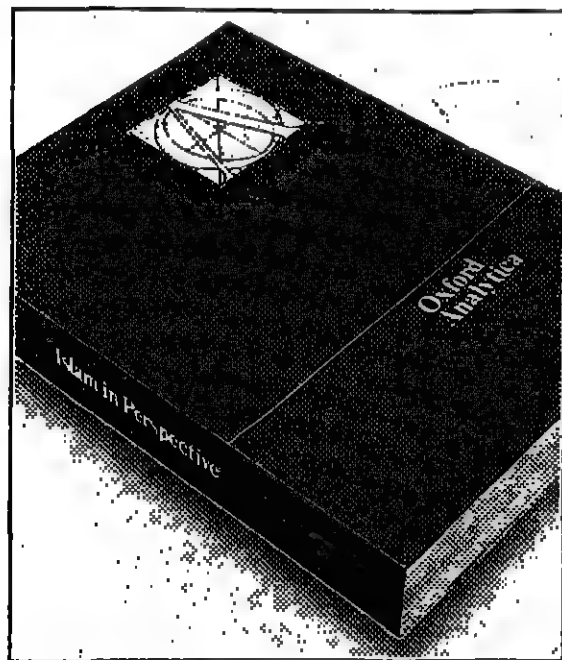
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30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00

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30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00

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30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00

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30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00
30	15.00	14.00	Forstl	.34	4.07	24.0	25.00	24.00	24.00	24.00	0.00

## The Impact of Islam



(On politics, peace, economics, and you).

Islamic fundamentalism. It will not go away, it cannot be ignored, it must be understood.

Springing from a region of major importance, and tragic instability, it affects us all. It is a force of towering strengths and explosive contradictions.

A profoundly conservative religious movement, it is, at the same time, a pillar of the

Saudi Arabian monarchy, and a driving force behind revolution, terror and assassination.

Not by nature anti-western, or anti-capitalist, it is pro-muslim. By its extraordinary power to embody religious, social and economic drives, it becomes a channel of expression, and a catalyst of protest.

What are the realities behind the caricatures?

To answer this question a team of leading scholars drawn from Oxford and other major universities has worked for the last year. Their findings are now presented in a major Oxford Analytica study 'Islam in Perspective'.

This detailed and authoritative work first examines the basic tenets of Islam, and then proceeds to explain its impact on social economic and political events, country by country, in the Middle East, Africa and Asia.

'Islam in Perspective' provides definite answers to the question 'what makes Islam Islam?'

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## Dollar Mostly Down on Profit-Taking

United Press International

NEW YORK — The dollar closed slightly softer Monday against major currencies except the yen on mild profit-taking ahead of Wednesday's scheduled report on the U.S. merchandise trade deficit.

In New York, the dollar closed at 151.075 yen, up from 150.80 on Friday. But it closed at 1.8425 Deutsche marks, down from 1.8465 on Friday; at 6.1325 French francs, down from 6.1525; and at 1.5380 Swiss francs, down from 1.5410.

The dollar was also lower against the pound, which closed at \$1.6155, against \$1.6130.

Earl Johnson of Harris Bank in Chicago said the dollar was unable to sustain a brief rally above 1.85 against the mark.

"There are some market fears of central bank intervention if you go over 1.85," he said.

"The dollar still looks pretty good on the charts," Mr. Johnson said. "The trade figure is the big number."

He said the dollar should receive a boost if the May trade deficit comes in at around \$11 billion to \$12 billion. The April shortfall was \$13.3 billion.

## London Dollar Rates

Currency	Rate	Change
Deutsche mark	1.8425	-0.0040
Japanese yen	151.075	+0.275
French franc	6.1325	-0.0200
Swiss franc	1.5380	-0.0030
British pound	1.6155	-0.0025

Source: Reuters

A deficit of \$13 billion to \$14 billion, he said, would be a "neutral" number for the dollar, while an imbalance of \$15 billion or above would be a negative.

Earlier in Europe, the dollar was mixed in quiet trading, with most dealers predicting that it would hold within its narrow range until the trade data are released.

"Nothing is happening," said one dealer with a British-based bank. "There's been no major corporate activity, no Japanese interest, nothing."

In London, the dollar closed near the day's lows at 1.8422 DM, down from 1.8442 at Friday's close. It fared better against the yen, ending at 150.95, up from 148.65 Friday.

The U.S. currency drifted downward within its range of 1.8400 to 1.8501 DM and 150.70 to 151.44

## LIFFE: Japan Futures

(Continued from first finance page)

ed on the Tokyo Stock Exchange since October 1985, and has grown to become the largest in the world, with daily volume of 70,000 units valued at a total 7 trillion yen, or about \$47 billion.

That far surpasses the next biggest such contract, the \$30 billion daily average of U.S. Treasury bond futures on the Chicago Board of Trade.

Officials at LIFFE hope that eventually daily trading volume will average 7,000 to 8,000 contracts, or around 10 percent of volume for the futures in Tokyo.

The LIFFE contract is closely modeled on that of the Tokyo exchange to give investors a straightforward mechanism for assessing the opportunities for trading and hedging in London while Tokyo is closed.

Contracts are based on long-term Japanese government bonds with a 6 percent coupon and a face value of 100 million yen, and are settled on a cash basis with delivery due in March, June, September or December.

The minimum price movement is 10,000 yen, or about \$67, while the initial margin size is 2 million yen, or about \$13,333.

## SIMEX: A One-Product Market

(Continued from first finance page)

last year of Eurodollar and U.S. Treasury bond trading on the Sydney futures exchange.

More worrisome, however, are Japan's plans. The Osaka Securities Exchange began trading last month in a 50-stock contract based on the Tokyo market. Analysts expect the authorities to lift or reduce a 0.2 percent sales tax that has so far inhibited trading.

Apart from this, a futures market is expected to begin developing in Tokyo next June. By the end of 1988, according to a schedule recently published by the Finance Ministry, the Tokyo market should be offering its own stock index futures, as well as a range of currency and interest-rate contracts.

"This market was first," a Western money manager in Singapore said. "But the competition is coming. It could end up being the weakest market in the region."

## Study Group Criticizes Growth of Third World Debt Swaps

By Leslie Wayne

New York Times Service

NEW YORK — A study group of leading bankers and economists has expressed concern over the burgeoning market in Third World debt swaps, a business that major money center banks, primarily Citicorp, view as a way to reduce loans to developing countries.

As a result, the investor can acquire, say, Mexican pesos at a favorable exchange rate.

The swaps provide an unofficial and preferential exchange rate for investors, the group said, which can create artificial distortions in the developing country's economy.

Much-needed hard currency is siphoned off to pay off external debt, it said.

Eli M. Remolona, an economist with the Federal Reserve Bank of New York and one of the report's authors, said, "Everyone is saying these swaps are a great thing. We're

saying there are possible disadvantages to watch out for."

Proponents of the swaps say they bring new investment to developing nations.

But Richard A. Debs, the recently retired president of Morgan Stanley International and another of the report's authors, said: "These swaps may attract new investors to come into some developing countries because they are attractively priced and that's good."

"But if the investor was going to come in anyway, the swaps create a situation where the developing country isn't gaining anything and may be worse off."

The debt swaps have been a growing business as banks have begun to set aside huge reserves to cover possible losses on loans to developing countries. This means

the banks can sell their loans at a discount without incurring further losses in earnings.

In May, Citicorp, the largest U.S. banking group, said it would add \$3 billion to its reserves. Other major banks have followed. Citicorp said it wanted to reduce its loans to developing countries through debt-for-equity swaps.

A spokesman for Citicorp said the bank did not have any comment on the report.

The report estimates that a total of \$12 billion in debt swaps have taken place since 1982, \$5 billion of them last year.

Mr. Debs said the number might well grow to \$10 billion this year. That would be small, however, compared with the \$300 billion owed to banks by the 15 largest Third World debtor countries.

## ECONOMIST: Key Architect of Radical Change Is a Gorbachev Protégé

(Continued from first finance page)

encounters they had had with Mr. Gorbachev earlier in his career.

In the past year, Soviet officials said, Mr. Aganbegyan, Mr. Abalimov and Mr. Bogomolov have been the core of a group that drafted the program Mr. Gorbachev presented to the Central Committee last month.

Mr. Aganbegyan headed the group, which coordinated the work of 25 panels that had examined all aspects of the economy.

The group, called a scientific council, is part of a government committee headed by Nikolai V. Talyzin, a first deputy prime minister and director of Gosplan, the State Planning Committee, which was the official clearinghouse for new economic ideas.

When the Central Committee completed its work last month, Mr. Aganbegyan was selected to summarize the proceedings for Soviet and foreign reporters.

At the Foreign Ministry press center, he described policies, now official party doctrine, that five or ten years ago were so far removed from the mainstream of Soviet economics they would have seemed almost heretical.

He talked about the need to cut agricultural subsidies and raise prices to produce more food, of increasing competition between enterprises to improve efficiency and

quality, and of letting businesses that are failing go bankrupt.

And he remarked how the economy must eliminate central management to that market forces can be allowed to work. Although ministries and state committees on planning, supply and pricing would still propose long-range plans and help fine tune the economy, those agen-

cies would no longer intrude into daily business administration by issuing binding directives to every industrial and farm manager.

Along with other economists, Mr. Aganbegyan has avoided identifying his ideas with capitalism or Western economic thinking because that has been known to stifle careers.

Mr. Aganbegyan clearly relishes his new role. In an interview last year he said, "Certainly, there is a sense of satisfaction in seeing these ideas embraced by the leader of our country, although you shouldn't exaggerate my role."

Mr. Aganbegyan's unconventional theories first attracted attention after he moved to Novosibirsk

in 1961 and began working with Leonid V. Kantorovich, a pioneer in a mathematical-economic technique known as linear programming, which is used to develop planning models.

The two used the technique to examine industrial development, planning and management, unencumbered by ideological considerations.

Mr. Aganbegyan, who likes to sketch graphs and statistics on a pad as he speaks, said he first met Mr. Gorbachev in the late 1970s when Mr. Gorbachev was the Central Committee's secretary in charge of agriculture and Mr. Aganbegyan was director of the economics institute in Novosibirsk.

After Mr. Gorbachev became a full member of the Politburo, the party's executive committee, in 1980, and particularly after he took charge of the economy in 1983, the two men started to meet frequently. Mr. Aganbegyan said, adding, "We had a congruence of ideas."

Mr. Aganbegyan, who was born in Tbilisi, capital of Soviet Georgia, and graduated from the economics department of Moscow State University in 1955, denies that he has played a central role in Mr. Gorbachev's economic education.

"There were many of us," he said, describing discussions in which Mr. Gorbachev met informally with him and other economists, sometimes at country houses.

He also rejects the view that he was a maverick. "I don't think of myself or the others as outsiders," he said.

## Emergency Talks in Beirut On Currency Market's Closure

Reuters

BEIRUT — Lebanon's official interbank foreign exchange market was closed Monday for a second consecutive trading day, after a record fall in the Lebanese pound's value on Friday, dealers said.

They said an emergency meeting was taking place at La Société Financière du Liban, the chief interbank exchange broker, to decide whether to reopen the market.

The finance minister, Camille Chamoun, a Christian, and the acting prime minister, Salim al-Hoss, a Sunni Moslem, met for their first talks in nearly three months to discuss the crisis with the central bank governor, Edmond Naim. Another meeting will be held on Wednesday, Mr. Chamoun said.

The official market was closed on Saturday after the local currency fell more than 14 pounds against the dollar on Friday, closing at a record low of 184. Sunday was a routine market holiday.

Free market traders dealt in the pound Monday at about 180.5 to the dollar, but said the market was thin and nervous.

Sources at La Société Financière, owned by 44 private banks but linked to the central bank, said Nabih Berri, the justice minister and leader of the Shiite Moslem Amal militia, had ordered an inquiry into the pound's collapse. It had fallen 22 percent against the dollar in the two weeks to Friday.

## Monday's OTC Prices

NASDAQ prices as of 4 p.m. New York time.

Via The Associated Press

12 Month High Low Stock Div. Yld. Sales in 1986 High Low 4 P.M. CYS

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